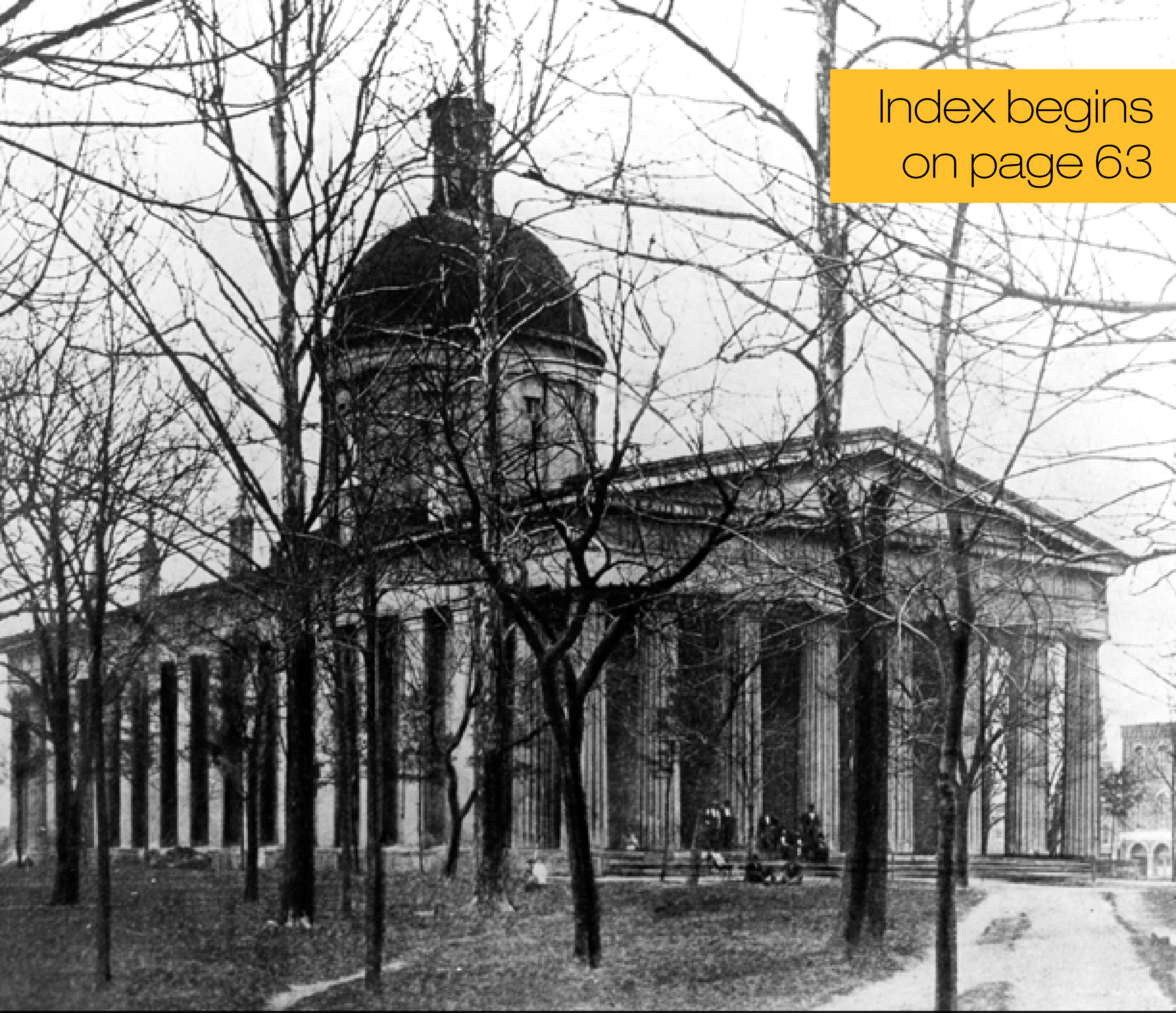

Index begins on page 63

2012 INDIANA

IT-40PNR Part-Year and Full-Year Nonresident

Individual Income Tax Booklet

freefile.dor.in.gov FAST • FRIENDLY • FREE

WAIT!

YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!

INfreefile

Have you considered filing electronically?

You may be eligible to file your taxes online for FREE. Go to www.freefile.dor.in.gov to see if you qualify.

More than 2 million Indiana taxpayers filed electronically in 2012. Consider the benefits of filing electronically:

- **Faster Refund.** Electronic filing reduces errors and expedites refund time – average 7 to 14 days (compared with 6 to 12 weeks for a paper return).
- **Fewer Errors.** Up to 20 percent of paper-filed returns have errors, which can result in delays and possible penalty and/or interest for the taxpayer. Returns filed electronically, however, are 98 percent accurate.
- **Costs Less.** Not only does it cost you less, but it saves taxpayer money. It costs the state more than $2.3 million operationally to process more than 1 million paper returns. It cost the state only about $150,000 operationally to process more than 1.8 million electronic returns.
- **Fewer Complications.** You won't have to complete the many complicated forms in this booklet. Instead, you go online, answer some easy questions, and before you know it your taxes are complete.

For more information about the Indiana freefile program, go to www.freefile.dor.in.gov.

About the Cover: The original Indiana statehouse in Marion County. This building was authorized by the Indiana General Assembly in 1831 after the capitol was moved from Corydon in 1824. After 13 years in the Marion County Courthouse, the new capitol building was constructed of blue limestone in the Greek Revival architectural style. Unfortunately, the limestone foundation began to fail and the building was condemned. It was demolished in 1877. Photo provided by the Indiana State Museum.

SP# 258
(R9 / 9-12)

Which Indiana tax form should you file?

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

Indiana full-year residents

Use Form IT-40EZ:

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

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

Use Form IT-40:

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

All other individuals

Use Form IT-40RNR:

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

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

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

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

Use Form IT-40PNR:

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

Military personnel

See the instructions on page 7 to determine which form to file. Military personnel stationed in a combat zone should see the instructions on page 8 for extensions of time to file procedures.

2012 Changes

Update: Line 1 of Form IT-40PNR assumes conformity with the Internal Revenue Code for federal changes adopted after Jan. 1, 2011. If the Indiana state legislature does not conform to the most current changes to the Internal Revenue Code, you may have to amend your return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the Department's homepage at www.in.gov/dor/index.htm for updates.

County tax

Indiana counties were allowed to adopt or increase their local income tax rates through October 31, 2012. This publication was finalized before that date. This means your county tax rate on the back of Schedule CT-40PNR may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing.

To get the updated list you may:

- Log on to the Department's website at www.in.gov/dor/4658.htm.
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

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

Automatic Taxpayer Refund Credit for Hoosiers

The Indiana General Assembly passed Governor Daniels' proposed legislation providing an **Automatic Taxpayer Refund** credit for eligible Indiana taxpayers when the state budget surplus exceeds the amount needed to protect against a downturn in the economy. Eligible Hoosier taxpayers will share equally in the **Automatic Taxpayer Refund** credit by keeping more of their hard-earned money.

Most Indiana taxpayers are eligible for the credit, but there are three qualifications. An eligible taxpayer must have timely filed a full-year Indiana resident income tax return for tax year 2011, must timely file a full-year resident Indiana income tax return for tax year 2012, and must owe some tax to the state for 2012. The refundable credit that has been authorized for 2012 is $111 per eligible taxpayer. See page 9 of the booklet for further details and the worksheet to determine your eligibility to share in the **Automatic Taxpayer Refund** credit.

OOS municipal obligation interest add-back

Interest earned from a direct obligation of a state or political subdivision other than Indiana may be subject to tax in Indiana. See the instructions on page 22 for more information.

Changes to certain offset credits

Ways to claim the employer health benefit plan credit, maternity home credit and small employer qualified wellness program credit have changed. See the instructions on pages 52, 53 and 55 for details.

Teacher summer employment credit ends
The last year to claim this credit was 2011.

Media production expenditure credit ends
The last year to claim this credit was 2011.

Earned income credit advance no longer available
The last year to have your employer advance a portion of your Indiana earned income credit was 2011.

Need tax forms or information bulletins?

Use your personal computer
Visit our website and download the forms you need. Our address is www.in.gov/dor.

Use your telephone
Call the Forms Order Request Line (317) 615-2581 to have forms mailed to you. Have the following information ready to leave on the voice mail system:
- Name of form or form number needed
- Number of copies needed
- Contact person's name
- Daytime phone number
- A complete mailing address (including city, state and zip code)

Need help with your return?

Local help
You may be eligible to take advantage of the IRS Volunteer Return Preparation Program (VRPP). This program offers free tax return help to low income, elderly and special needs individuals. Volunteers will fill out federal and state forms for those who qualify. Call the IRS at 1-800-829-1040 to find the nearest VRPP location. Be sure to take your W-2s and 1099s with you.

Automated information line
Call the automated information line at (317) 233-4018 to get the status of your refund, billing and payment plan information, a copy of your tax return, or prerecorded tax topics. If you wish to check for billing information, be sure to have a copy of your tax notice. The system will ask you to enter the tax identification number shown on the notice.

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

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

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

Ready to file your return?

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

Where's Your Refund?
There are several ways to check the status of your refund. You will need to know the exact amount of your refund, and a Social Security number entered on your tax return. Then, do one of the following:
- Call (317) 233-4018 for automated refund information.
- Go to www.in.gov/dor/3336 and click on the words Where's my refund?
- Call (317) 232-2240 from 8 a.m. to 4:30 p.m. Monday - Friday, and a representative will help you.

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

Important. If we are unable to deposit your refund to the listed account (incorrect/incomplete account numbers; account closed; refund to go to an account outside the United States; etc.), the Department will mail a paper check to the address on the front of the tax form.

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

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

Change your address with us by doing one of the following:
- Go to www.in.gov/dor/3336 and click on the words *How do I change my mailing address with the Department?*
- Call the Department at (317) 232-2240.

Filing an amended (corrected) tax return

Did you receive a lateW-2 or other kind of income statement after you filed? Did you forget to claim an exemption or deduction? If you need to amend (correct) a tax return that has already been filed, use Form IT-40X, Amended Individual Income Tax Return, located at www.in.gov/dor/4657.htm.

Public Hearing - June 4, 2013

The Department will hold a public hearing on June 4, 2013. The hearing will be held at 9 a.m. in Conference Room 18 of the Conference Center, Indiana Government Center South, 402 West Washington Street, Indianapolis, Ind. You may also submit your questions or comments in writing to: Indiana Department of Revenue, Commissioner's Office, MS# 101, 100 North Senate Avenue, Indianapolis, IN, 46204.

Before you begin

Important: You must complete your federal tax return first.

Filling in the boxes – please use ink only

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

Social Security Number

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

Individual Taxpayer Identification Number (ITIN)

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

Name and suffix

Please use all capital letters when entering your information. For example, Jim Smith Junior should be entered as JIM SMITH JR.

Name. If your last name includes an apostrophe, do not use it. For example, enter O'Shea as OSHEA. If your name includes a hyphen, use it. For example, enter SMITH-JONES.

Suffix. Enter the suffix associated with your name in the appropriate box.

- Use JR for junior and SR for senior.
- Numeric characters must be replaced by Roman Numerals. For example, if your last name is Charles 3rd, do not use 3rd; instead, enter III in
- the suffix field.
- **Do not** enter any titles or designations, such as M.D., Ph. D., RET., Minor or DEC'D.

Married filing separately

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

Married persons who live apart filing status

If you were not divorced or legally separated in 2012, you may have qualified for and filed as 'head of household' on your federal income tax return. If you did, do not check the married filing separately box. Also, do not enter either your spouse's name or Social Security number.

Military address

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

Zip/Postal code

Enter your five or nine digit zip code (do not use a dash). For example, enter 46217 or 462174540.

If filing with a foreign address, enter the associated postal code.

Foreign country code

Complete this area if the address you are using is located in a foreign country. Enter the 2-character foreign country code, which may be found online at www.in.gov/dor/4432.htm.

School corporation number

Enter the four-digit school corporation number (found on pages 61 and 62) for where the primary taxpayer lived on Jan. 1, 2012. The primary taxpayer is the first name listed at the top of the tax return. If the primary taxpayer did not live in Indiana on Jan. 1, 2012, enter the code number "9999". Contact a local school or your county auditor's office if you're not sure which school corporation you live in.

It is important that you enter the correct school corporation number. This information is used for statistical tracking purposes to determine possible school funding needs and changes. **Note:** If the school corporation number is not entered, the processing of your return will be delayed.

County information

Enter the two-digit code numbers for the county(s) where you and your spouse, if filing joint, lived and worked on Jan. 1, 2012. You can find these code numbers on the chart on the back of Schedule CT-40PNR. See the instructions beginning on page 56 for more information, including the definitions of the county where you live and work, details for military personnel, retired individuals, homemakers, unemployed individuals, out-of-state filers, etc.

Rounding required

Each line on which an amount can be entered has a "**.00**" already filled-in. This is to remind you that rounding is now required when completing your tax return.

You must round your amounts to the nearest whole dollar.

To do this, drop amounts of less than $0.50.
Example. $432.49 rounds down to $432.00.

Increase amounts of $0.50 or more to the next higher dollar.
Example. $432.50 rounds up to $433.00.

Losses or negative entries

When reporting a loss or negative entry, use a negative sign. *Example.* Write a $125 loss as -125.

Commas

Do not use commas when entering amounts. For instance, express 1,000 as 1000.

Enclosing schedules, W-2s, etc.

You will find an enclosure sequence number in the upper right-hand corner of each schedule. Make sure to put your completed schedules in sequential order behind the IT-40 when assembling your tax return. Do not staple or paper clip your enclosures. If you have a schedule on which you've made no entry, do not enclose it unless you have completed information on the back of it.

Also, enclose:

- All W-2s, 1099s and WH-18s on which Indiana state and/or county tax withholding amounts appear,
- Any 1099G showing unemployment compensation, and
- A check/money order, if applicable.

A note about your W-2s. It is important that your W-2 form is readable. The income and state and county tax amounts withheld are verified on every W-2 form that comes in with your tax return. We encourage you to enclose the best copy available when you file.

Who should file?

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

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

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

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

Part-year residents and full-year nonresidents

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

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

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

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

Full-year residents

Full-year residents must file Form IT-40, Indiana Full-Year Resident Individual Income Tax Return or Form IT-40EZ for Full-Year Indiana Resident Filers with No Dependents. If you filed a 2012 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 and/or the Automatic Taxpayer Refund credit, then you should file the simplified Form IT-40EZ. If you are not eligible to file Form IT-40EZ, or have any other deductions or credits, you must file Form IT-40.

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

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

- They maintain their legal residence in Indiana and intend to return to Indiana during part of the taxable year,
- They retain their Indiana driver's license,

- They retain their Indiana voting rights, and/or
- They claim a homestead deduction on their Indiana home for property tax purposes.

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

Deceased taxpayers

If an individual died during 2012, or died after Dec. 31, 2012, but before filing his/her tax return, the executor, administrator or surviving spouse must file a tax return for the individual if:

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

Be sure to enter the month and day of death for the taxpayer or spouse in the appropriate box located on Schedule H. For example, a date of death of Jan. 9, 2012, would be entered as 01/09/2012. Note: The date of death should not be entered here if the individual died after Dec. 31, 2012, but before filing the tax return. The date of death information will be shown on the individual's 2013 tax return.

Signing the deceased individual's tax return

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

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

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

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

Refund check for a deceased individual

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

Military personnel – residency

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

If you changed your legal residence (military home of record) during 2012, you are a part-year resident and should file Form IT-40PNR. You must also attach a copy of Military Form DD-2058 to the tax return. As an Indiana part-year resident you will be taxed on the income you earned while you were a resident of Indiana, plus any income from Indiana sources.

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

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

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

Important: Refer to the instructions on page 57 for an explanation of county of residence for military personnel.

When should you file?

Your tax return is due April 15, 2013. If you file after this date, you may have to pay interest and penalty. See page 13 for more information.

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

Extension of time to file – What if you can't file on time?

You must get an **extension of time to file** if you:
- Are required to file (your income is more than your exemptions and/or you received income from Indiana while being a nonresident), and
- You cannot file your tax return by the April 15, 2013, due date.

Whether you owe additional tax, are due a refund or are breaking even, you still need to get an extension if filing after April 15, 2013.

If you owe…
You must file Form IT-9 (Application for Extension of Time to File) and send in a payment of at least 90 percent of the tax you expect to owe. This must be filed and tax paid by April 15, 2013, for the extension to be valid.

If you don't owe…
You'll still need to file for an extension if:
- You are due a refund, or
- You don't expect to owe any tax when filing your tax return, and
- You are unable to file your return by April 15, 2013.

There are two ways to accomplish this:
- If you have a valid federal extension, Form 4868, you automatically have an extension with Indiana and do not have to file for a separate state extension (Form IT-9).
- If you do not have a valid federal extension, file Form IT-9 by April 15, 2013.

Extension filing deadline.
- State Form IT-9 extends your state filing time to June 17, 2013.
- Federal Form 4868 extends your state filing time to Nov. 15, 2013.
- If you have both extensions (state and federal), your state filing time to file is Nov. 15, 2013.

Will you owe penalty and/or interest?
Interest is owed on all amounts paid after April 15, 2013. See page 13 for instructions on how to figure interest.

Penalty will not be owed if you have:
- Paid 90 percent of the tax you expect to owe by April 15, 2013,
- Filed your tax return within the extension filing time, and
- Pay any remaining amount due with that filing.

Indiana's Extension of Time to File, Form IT-9
Get Indiana's extension Form IT-9, and mail it (including any payment due) by April 15, 2013. You may get Form IT-9 online at www.in.gov/dor/4657.htm. You may also file for an extension (if making a payment) online at www.in.gov/dor/4340.htm (make sure to do this by April 15, 2013).

Where to report your extension payment.
Add your state extension payment to any estimated tax paid. Report it on Schedule F, line 3.

Remember, 90 percent of the tax due to Indiana must still be paid by April 15, 2013. Interest will be due on any tax that remains unpaid during the extension period.

Military personnel on duty outside of the United States and Puerto Rico on the filing due date are allowed an automatic 60 day extension of time to file. A statement must be enclosed with the return verifying that you were outside of the United States or Puerto Rico on April 15, 2013.

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

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

Nonresidency and income taxable to Indiana

A part-year resident owes tax on taxable income received from all sources while being a resident of Indiana. A part-year or full-year nonresident also owes tax on income from Indiana sources as listed below while a legal resident of another state.

Indiana income includes income from the following sources:

1. Winnings from Indiana riverboats and lotteries;
2. Labor or services performed in Indiana, including salaries, wages, commissions, tips etc.;
3. A farm, business, trade or profession doing business in Indiana;
4. Any personal property located in Indiana;
5. A partnership or an S corporation doing business in Indiana;
6. Stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other property where earnings are a part of an Indiana business;
7. Trusts and estates given to nonresident heirs; and
8. Pensions and most interest and dividends are taxed by your state of residence when you receive them.

Note: If you were a full-year nonresident and your only income from Indiana sources was from pensions, interest and/or dividends (which were not a basic part of the business in Indiana) and/or unemployment compensation, you are not required to file an Indiana income tax return.

Reciprocal states: special filing and income reporting instructions

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

- You received wages, salaries, tips, or commissions from Indiana, you will not owe Indiana adjusted gross income tax on that income. However, you may owe a county tax. If this is the only type of income you received from Indiana, you should file Form IT-40RNR, reciprocal nonresident Indiana individual income tax return. See the "Need tax forms...?" section on page 4 for options; or
- You received other types of Indiana-source income besides wages tips, salaries or commissions (see items 1 through 8 above), you must file Form IT-40PNR instead of Form IT40RNR; or
- You received both Indiana-source income (see items 1 through 8 above) and wage income from Indiana, you must file form IT-40PNR. The wage income will not be subject to Indiana adjusted gross income tax. However, see the county tax instructions for ***Reciprocal state residents*** on page 59 if these wages were earned in an Indiana county that has a county tax.

Example. Fred and Deanna are full-year residents of Michigan, and file a 2012 joint federal income tax return. During 2012 Fred received $10,000 winnings from an Indiana riverboat, and Deanna earned $25,000 wage income from an Elkhart, Indiana employer.

Fred's riverboat winnings will be taxed by Indiana. Enter Fred's $10,000 winnings on Indiana Schedule A, line 20, Columns A and B. Deanna's wage income is not subject to Indiana adjusted gross income tax. Therefore, enter Deanna's wage income in Column A only.

Note: See county tax instructions for ***Reciprocal state residents*** on page 58 to determine if county tax is due on her wage income.

When not to fill in a line

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

Completing Form IT-40PNR

Line 1 – Income taxed by Indiana

Complete Indiana Schedule A: Income or Loss; Proration; and Adjustments to Income. Instructions for Schedule A begin on page 14. Carry the line 37B amount to line 1 on the front of Form IT-40PNR. Make sure to enclose Schedule A when filing.

Line 2 – Add-backs

Enter on this line any add-backs from Schedule B: Add-Backs. Instructions for Schedule B begin on page 20. Make sure to enclose Schedule B when filing.

Line 4 – Deductions

Enter on this line any deductions from Schedule C: Deductions. Instructions for Schedule C begin on page 24. Make sure to enclose Schedule C when filing.

Line 6 – Exemptions

Enter any exemptions from Schedule D: Exemptions on this line. Instructions for Schedule D begin on page 31. Make sure to enclose Schedule D when filing.

Line 9 – County tax

Complete Schedule CT-40PNR to figure your county tax. Instructions for Schedule CT-40PNR begin on page 56.

Line 10 – Other taxes

Enter any other taxes from Schedule E: Other taxes on this line. Instructions for Schedule E begin on page 32. Make sure to enclose Schedule E when filing.

Line 12 – Credits

Enter your credits from Schedule F: Credits on this line. Instructions for Schedule F begin on page 33. Make sure to enclose Schedule F when filing.

Line 13 – Offset credits

Enter any offset credits from Schedule G: Offset Credits on this line. Instructions for Schedule G begin on page 46. Make sure to enclose Schedule G when filing.

Line 14 – Automatic Taxpayer Refund credit

An automatic taxpayer refund credit is available to certain full-year Indiana residents.

- If you were single and a full-year Indiana resident in 2012, do not file this form. Instead, file Form IT-40 or IT-40EZ.
- If you are not filing married filing jointly (you were either single or filing as married filing separately), **STOP.** You are not eligible for this credit.
- If you were not a full-year Indiana resident in both 2011 and 2012, **STOP.** You cannot take the credit.
- If you are married filing jointly and either you or your spouse were a full-year Indiana resident in 2012, continue reading to see if you are eligible for this credit.

Example. Shane is in the military. Since his home of record is Indiana, he is considered to be a full-year Indiana resident regardless of where he is stationed. His wife is an Oklahoma resident. They are required to file a married filing jointly Indiana tax return (Form IT-40PNR) because they filed a married filing jointly federal tax return. On Schedule H Shane will show he was a full-year Indiana resident; his wife will show she was a full-year Oklahoma resident. Shane may be eligible for an automatic taxpayer refund credit; his wife is not.

If you/your spouse

- timely filed a 2011 Indiana income tax return as a full-year resident,
- are timely filing your 2012 Indiana income tax return as a full-year Indiana resident,
- have a modified state tax liability for 2012, and
- are married filing jointly, then

you or your spouse may be eligible to claim the automatic taxpayer refund credit. Complete the following steps to see if you or your spouse meets the eligibility requirements and to figure the credit.

Timely filed. To be considered timely filed,

- your 2011 Indiana tax return must have been filed by the April 17, 2012 due date (including extensions).
- your 2012 Indiana tax return must be filed by the April 15, 2013 due date (including extensions).

Example. Jim had a valid state extension of time to file (he filed a Form IT-9), which extended the time he had to file his 2011 state tax return to June 18, 2012. He filed on June 11, 2012. Therefore, his 2011 state return was timely filed.

Example. While Sue knew she would be getting a refund, she didn't have all her tax statements for 2011, and the filing deadline was fast approaching. Therefore, she filed for a federal extension of time to file (Form 4868) with the Internal Revenue Service, which extended the time to file her federal tax return to Oct. 15, 2012. (Not only does Indiana accept the federal extension of time to file, an additional 30 days are added for state tax filing purposes.) She filed her state and federal tax returns on Oct. 15, 2012, making her state return timely filed.

Example. Michael knew he would be on vacation and unable to file his 2012 federal and state tax returns by the April 15, 2013 filing due date. He also knew that he wasn't getting a refund, but owed additional tax. On April 1, 2013, he paid the anticipated federal amount due via Form 4868 and the state amount due via Form IT-9. Michael's state tax return will be considered to be timely filed as long as he files by Nov. 15, 2013 (by the Oct. 15, 2013 federal extension filing date plus 30 days).

For additional information about how an extension of time to file works, see *Extension of time to file – What if you can't file on time?* on page 7.

Important.
If you are
- single, or
- married filing separately,
- then **STOP.** You cannot take the credit.

Figure your credit
Read the following four steps carefully to see if you or your spouse are eligible to claim the Automatic Taxpayer Refund credit.

Step 1 Prior Year Filing Requirement

1. Did you timely file a 2011 Indiana state income tax return as a full-year resident?

   Yes. Continue to the next question.
   No. You cannot take the credit. Continue to the next question.

2. Did your spouse timely file a 2011 Indiana state income tax return as a full-year resident?

   Yes. Continue to **Step 2.**
   No. Your spouse cannot take the credit.

   - If you answered **No** to both questions, **STOP**. Neither you nor your spouse can take the credit.
   - If you answered **Yes** to one or both questions, go to **Step 2.**

Step 2 Current Year Filing Requirement

1. Are you married filing jointly?

   No. STOP. You cannot take the credit.
   Yes. Continue to the next question.

2. Are you timely filing your 2012 state income tax return as a full-year Indiana resident?

   No. You cannot take the credit. Continue to 3.
   Yes. Continue to the next question. (Note. You must complete Indiana's Schedule H, line 1a showing you were an Indiana resident for the entire year.)

3. Is your spouse timely filing a 2012 Indiana state income tax return as a full-year resident?

   Yes. Continue to **Step 3.** (Reminder: your spouse must complete Indiana's Schedule H, line 2a showing your spouse was an Indiana resident for the entire year.)
   No. Your spouse cannot take the credit.

   - If you answered No to 2 and 3, **STOP.** Neither you nor your spouse can take the credit.
   - If you answered Yes to 2 or 3, go to **Step 3.**

Step 3 Modified State Tax Liability

Do you have a state adjusted gross income tax amount shown on your 2012 Form IT-40PNR, line 8?

Yes. Enter that amount here and continue to line 1.. **Box A** ______
No. STOP. You cannot take the credit.

1. Add any amounts from your 2012 Schedule F, lines 4 through 7, and enter total here......... 1. ____________
2. Add any amounts from your 2012 Schedule G, lines 4 through 6, and enter total here................ 2. ____________
3. Add the amounts on lines 1 and 2 above and enter total here.. **Box B** ______
4. Subtract amount in Box B from amount in Box A and enter total here (if less than zero, enter zero) **Modified State Tax Liability**........... **Box C** ______

Step 4 Figure Your Automatic Taxpayer Refund Credit

Is the amount in Step 3, Box C more than zero?

Yes. Your **Automatic Taxpayer Refund Credit** is $111. Enter this amount on Form IT-40PNR, line 14.
No. STOP. You cannot take the credit.

Line 18 – Contribution to Indiana Nongame Wildlife Fund

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

Enter the amount of your refund you wish to donate to the Nongame Wildlife Fund on line 18. You can donate all or a part of your refund. Donations must be a minimum of $1.

Read more about Indiana's Wildlife Diversity Section and learn how donations have helped Indiana's endangered wildlife at www.in.gov/dnr/fishwild/3316.htm.

Note. The Department may examine your return and find that your actual overpayment or refund is less than you calculated. If you entered a donation to the Indiana Nongame Wildlife Fund and wish to apply some of your overpayment to your 2013 estimated tax account, the overpayment will be applied first to the wildlife fund and then to the estimated tax account. Any amount left will be refunded to you.

Line 20 – Amount to be applied as a 2013 estimated tax installment payment

You should pay estimated tax if you expect to have income during the 2013 tax year that:

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

There are several ways you can make estimated tax payments. First, visit our website at www.in.gov/dor/4657.htm to get Form ES-40. Use the worksheet on Form ES-40 to see how much you will owe. Then, if you have an overpayment showing on line 19 of your tax return, you can have some or all of the overpayment applied to next year's estimated tax account. To do so, enter any portion of the overpayment:

- On line a, if you want to apply an amount to offset estimated county tax due (from Form ES-40 worksheet, line K). Also, enter the 2-digit county code from line K; and/or
- On line b, if your spouse lived in a different county than you did on Jan. 1, 2013, and you want to apply an amount to offset your spouse's estimated county tax due (from Form ES-40 worksheet, line L). Also, enter the 2-digit county code from line L; and/or
- On line c, if you want to apply an amount to offset your estimated state tax due (from Form ES-40 worksheet, line J).

Example. Mark and Megan have a $420 overpayment, and want to apply some of it to their 2013 estimated tax account. Their worksheet from Form ES-40 has the following breakdown:

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

They will enter $30 on line 20a (along with their 2-digit county code), $270 on line 20c, and the $300 total amount to be applied will be entered on line 20d. They will get a $120 refund ($420 overpayment minus $300 applied to their 2013 estimated tax account).

Example. Stu wants to pay $500 in estimated tax for each installment period. He has a $30 overpayment on his tax return. He chooses to enter the full $30 overpayment on line 20c (Indiana adjusted gross income tax amount), and carries it to line 20d. (He will pay the $470 additional amount by filing the Form ES-40.)

Important. Estimated tax installment payments made for the 2013 tax year are due by April 15, 2013, June 17, 2013, Sept. 16, 2013 and Jan. 15, 2014. Any installment payment amount entered on line 20d 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, 2013, will be considered to be a 2013 first installment payment; June 3, 2013, will be considered to be a 2013 second installment payment; and July 22, 2013, will be considered to be a 2013 third installment payment.

Note. If you are filing this return after Jan. 15, 2014, you will not be able to make an installment payment on this line.

Note. You may use Form ES-40 to make a payment by check or money order. Estimated tax payments may also be made online, via credit card or check, at www.in.gov/dor/3650.htm. See line 27 instructions on page 13 for details about payment options.

See Income Tax Information Bulletin #3 at www.in.gov/dor/4657.htm for additional information about estimated taxes.

Line 21 – Penalty for underpayment of estimated tax

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

In fact, not properly paying estimated tax is one of the most common errors made in filing Indiana tax returns. Generally, if you owe $1,000 or more in state and county tax for the year that's not covered by withholding taxes, you need to be making estimated tax payments.

You might owe this penalty if:

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

If either of these cases apply to you, you must complete Schedule IT-2210 or IT-2210A to see if you owe a penalty or if you meet an exception. If you owe this penalty, enclose Schedule IT-2210 or IT-2210A with your tax return and write the penalty amount on Form IT-40PNR, line 21.

*You must have timely paid 100 percent of lines 8 and 9 of your 2011 IT-40 or IT-40PNR. Note: If last year's **Indiana adjusted income** was more than $150,000 ($75,000 for married filing separately), you must pay 110 percent of last year's tax (instead of 100%).

**Farmers and fishermen should see the special instructions on page 12.

Important. The Department will automatically figure a penalty for you if it looks like you owe a penalty for the underpayment of estimated tax, and:

- You didn't report a penalty amount on line 21, and
- You didn't enclose Schedule IT-2210 or Schedule IT-2210A showing you meet an exception to owing a penalty.

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

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

Example. Jim and Sarah together received $4,500 in pension income each month. Since their income is received on a fairly even basis, they'll use Schedule IT-2210 to figure their penalty or exception to the penalty.

Farmers and fishermen have special filing considerations. If at least two-thirds (2/3) of your gross income is from farming or fishing, Complete Schedule IT-2210, using the Section D Short Method.

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

Example. Bill's income is from selling fireworks in June and July. He will want to figure any penalty due on Schedule IT-2210A, which may exempt him from having had to pay estimated tax on the April 17, 2012, first installment due date.

Example. Rachael received a sizeable lump sum distribution in Dec. of 2012. She figured how much estimated tax was due, and paid it by the Jan. 15, 2013, fourth period installment due date. By completing Schedule IT-2210A, she shows she owes no penalty for the first three installment periods, and that a proper payment was made for the fourth installment period. She will owe no penalty.

Farmers and Fishermen.
Special options are available if more than two-thirds of your gross income for 2011 and/or 2012 was from farming or fishing.

Option 1. Pay your estimated tax in one payment on or before Jan. 15, 2013, and file your tax return by April 15, 2013; or

Option 2. Make no estimated tax payment and file your tax return and pay all the tax due by March 1, 2013.

Example. More than two-thirds of Henry's gross income is from farming. He should complete Schedule IT-2210. He will be able to use the Section D Short Method to figure his penalty or to show he meets an exception to owing a penalty.

Visit our website at www.in.gov/dor/4657.htm to get Schedule IT-2210 or IT-2210A.

Line 22 – Refund

You have a refund if line 19 is greater than the combined amounts entered on lines 20d and 21. No refund will be issued if the overpayment is less than one dollar.

Important. If the combination of line 20d plus line 21 is greater than the amount on line 19, you must make an adjustment. The estimated tax carryover amount on line 20d is limited; it cannot be greater than the remainder of line 19 minus line 21. See the second example about Stu under the Line 20 instructions on page 11.

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

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.

Note. There is a **statute of limitations** on filing refund claims. When filing your 2012 tax return, a claim for refund of excess withholding credits must be made no later than April 15, 2015. A claim for refund of all other excess payments and refundable credits must be made by April 18, 2016. (The claim is considered to be made on the day your tax return is postmarked.) If you file your 2012 tax return after the statute of limitations has expired, no refund will be issued.

Line 23 – Direct deposit

You may choose to have your refund deposited in your checking, savings or Hoosier Works Master Card account. If you want your refund directed into your checking or savings account, complete lines 23a, b, c and d.

Caution. If you choose this option, make sure to verify the account information after you have entered it. This will help ensure your refund is deposited into your desired account.

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

The 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.

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

To comply with banking rules, you must place an X in the box on line d if your refund is going to an account outside the United States. If you check the box, we will mail you a paper check.

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

If you currently have a **Hoosier Works MasterCard** and wish to have your refund directly deposited in your account, enter your 12-digit account number on line 23b, where it says "Account Number" (do not write anything on line 23a "Routing Number"). You can find your 12-digit account number in the upper right-hand corner of your account monthly statement.

Note: DO NOT use your MasterCard 16-digit number. Make sure to check the "Hoosier Works MC" box on line 23c.

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

Line 24

If line 22 is less than zero, you have an amount due. Enter here as a positive number and skip to line 25.

OR

If line 16 is greater than line 15, complete the following steps:

A. Subtract line 15 from line 16 and enter the total here	A	____________
B. Enter any amount from line 21	B	____________
C. Add lines A + B. Enter total here and on line 24	C	____________

Line 25 – Penalty

You may owe a penalty if your tax return is filed after the April 15, 2013, due date and you have an amount due. Penalty is 10 percent of the amount due (line 24 minus line 21) or $5, whichever is greater.

Exception. No penalty will be due if you have:

- An extension of time to file;
- Are filing and paying the remaining tax due by the extended filing due date, and
- Have prepaid at least 90 percent of the amount due by April 15, 2013.

Line 26 – Interest

You will owe interest (even if you have a valid extension of time to file) if your tax return is filed after the April 15, 2013, due date and you have an amount due. Interest should be figured on the sum of line 24 minus line 21. Contact the Department at (317) 232-2240 or visit our website at www.in.gov/dor/3618.htm to get Departmental Notice #3 for the current interest rate.

Line 27 – Amount due – payment options

There are several ways to pay the amount you owe.

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

You may also pay using the electronic **eCheck** payment method. This service uses a paperless check and may be used to pay the tax due with your Indiana individual income tax return, as well as any billings issued by the Indiana Department of Revenue for any tax type. To pay, go to www.in.gov/dor/4340.htm and follow the step-by-step instructions. You will receive a confirmation number and should keep this with your tax filing records. The fee for using this service is $1.

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

You may also pay by using your American Express® Card, Discover® Card, MasterCard® or VISA® by calling 1-800- 2-PAY TAX (1-800-272-9829). Or, log on to www.in.gov/dor/4340.htm and use your Discover® Card, MasterCard® or VISA® to make a payment.

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

Payment plan option. If you cannot pay the full amount due at the time you file, you may be eligible to set up a payment plan online. **After you get a tax bill**, log on to www.intaxpay.in.gov and follow the directions.

Important. If using the payment plan option, penalty and interest will be due on all amounts paid after the April 15, 2013, due date.

Returned checks and other types of payments

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

The assessed amount will be due immediately upon receipt of the tax due notice and must be paid by certified check, bank draft or money order. If payment is not received immediately, the penalty will be increased to the face value of the intended payment or 100 percent of the unpaid tax, whichever is smaller. Also, *any permits and/or licenses issued by the Department may be revoked if the assessed amount is not paid immediately*.

Signatures and signing dates

First, read the *Authorization* area on Schedule H. Then, sign and date the tax return. If this is a jointly filed tax return, both you and your spouse must sign and date it. Make sure to enclose the completed Schedule H when filing.

Taxpayer Advocate

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

For more information, and to get required schedules if filing for an offer in compromise or a hardship case, visit our website at: www.in.gov/dor/3883.htm. You may also contact the Office of the Taxpayer Advocate directly at taxpayeradvocate@dor.in.gov, or by telephone at (317) 232-4692. Submit supporting information and documents to: Indiana Department of Revenue, Office of the Taxpayer Advocate, P.O. Box 6155, Indianapolis, Ind. 46206-6155.

Where to mail your tax return – use labels for envelope

You'll find mailing labels with the envelope enclosed in this booklet. **Returns with payments enclosed have a different post office box number for mailing purposes.**

If you are enclosing a payment, please mail your tax return with all enclosures to:
Indiana Department of Revenue
P.O. Box 7224
Indianapolis, IN 46207-7224

For all other filings, please mail your tax return with all enclosures to:
Indiana Department of Revenue
P.O. Box 40
Indianapolis, IN 46206-0040

Envelope – Don't forget the stamp!

Make sure to put a stamp(s) on the envelope. The U.S. Post Office will not deliver your tax return without the proper postage.

Schedule A

Sections 1, 2 and 3 Instructions

Sections 1, 2 and 3 will help you to separate the income to be taxed and adjustments to be allowed by Indiana.

General information

Income received from Indiana sources should be reported as Indiana income by nonresidents, except certain types of Indiana income that are subject to tax only by your state of residence at the time you receive it.

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

For full-year nonresidents, the portion of the following types of income from Indiana sources should not be reported as income taxed by Indiana: interest, dividends, unemployment compensation, royalties and gains from the sale of capital assets, unless such income results from the conduct of trade or business.

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

Example. Interest income received from a personal Indiana savings account by an Illinois resident is not income taxable to Indiana.

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

Important information about possible year-end federal legislation. This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of the income/loss and adjustments reported may need to be adjusted.

For example, while the educator expense was scheduled to end (sunset), the adjustment for the expense may have been extended for federal income tax purposes. If the educator expense was not extended for 2012 federal income tax purposes, then there will be nothing to report on Schedule A, line 22, Column A.

You may wish to periodically check the Department's homepage at www.in.gov/dor/ for updates about any impact of late federal legislation.

How to report a loss

When reporting a loss or negative entry, use a negative sign. Example. Write a $125 loss as -125.

Schedule A
Section 1: Income or loss

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

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

Lines 1 and 2 — Wages, salaries, tips, etc.

Enter wages, salaries, tips and/or other compensation received as an employee. You should report your income on line 1 and your spouse's income on line 2. Enter in Column B income received while you were an Indiana resident, and income from Indiana sources received while you were not an Indiana resident.

Note for part-year or full-year nonresidents: do not enter that portion of your Indiana source wage, salary, tip or commission income in Column B earned while you were a resident of a reciprocal agreement state (see *Reciprocal states: special filing and income reporting instructions* on page 8).

Lines 3 and 4 — Interest and dividend income

Enter in Column A your taxable interest and dividend income as reported on your federal return, and report the interest and dividend income attributable to Indiana in Column B. If any of the interest reported in Column B is from U.S. savings bonds, Treasury notes, T-Bills, etc., you may deduct these amounts on Form IT-40PNR, Schedule C, line 4.

Interest from municipal obligations. Do not report any interest from municipal obligations on line 3. However, if you were an Indiana resident when receiving interest from a non-Indiana municipal obligation, see *OOS municipal obligation interest add-back* on page 22 to see if you are required to add it to your Indiana income to be taxed.

See Income Tax Information Bulletin #19 at www.in.gov/dor/3650.htm for more information.

Line 5 — Taxable refunds, credits or offsets

Enter in Column A the amount of taxable refunds, credits or offsets of state and local income taxes that was reported on your federal Form 1040, line 10. Enter in Column B that portion received while you were an Indiana resident.

Line 6 — Alimony received

Enter in Column A the amount of alimony reported on your federal Form 1040, line 11. Enter in Column B that portion you received while you were an Indiana resident.

Lines 7, 12 – 16

Important. The amounts on line 7 and lines 12 through 16 should reflect the amounts reported on your federal Form 1040 (after any application of passive activity loss limitations from federal Form 8582).

Line 7 — Business income or loss

Enter in Column A the business income from Schedules C or C-EZ that is reported on federal Form 1040, line 12. Enter in Column B that portion of business income subject to tax in Indiana. Also, see the instructions for:

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

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

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

Note: Any capital loss claimed is subject to the same capital loss limitations that apply for federal tax purposes. For more information about federal capital loss limitations, get federal Schedule D, Capital Gains and Losses.

Example. Jessica had a $4,000 long term capital loss while living in Indiana from Jan. 1, 2012, through Sep. 30, 2012. She moved to Utah on Oct. 1, and lived there the rest of the year. She realized a $5,000 long term capital gain while she was a resident of Utah. She reported $1,000 capital gain income on her federal Form 1040. She will report a $3,000 loss to Indiana. The remaining $1,000 loss will be available to offset income on Indiana tax return(s) for other years.

Line 9 — Other gains or losses from Form 4797

Enter the gain or loss from the sale or exchange of property as reported for federal tax purposes on Form 1040, line 14. Enter in Column B that portion received:

- If the property was Indiana property, and/or
- While you were an Indiana resident, regardless of the source.

Line 10 — IRA distributions

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

Line 11 — Pensions and annuities

Enter in Column A the taxable portion of all pensions, annuities and other retirement income as reported on your federal Form 1040, line 16b, or Form 1040A, line 12b. Enter in Column B that portion received while you were an Indiana resident.

Line 12 — Net rent or royalty income or loss

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

Enter in Column B the net royalty income/loss:

- Received while you were an Indiana resident; and
- Received while you were an Indiana nonresident if the income/loss results from the conduct of a trade or business conducted in Indiana.

Enter in Column B the net rental income/loss:

- Received while you were an Indiana resident; or
- From real property located in Indiana received while you were a nonresident; and
- In general, from personal property located in Indiana.

Also, see the instructions for tax add-back for Section B, line 1, on page 20.

Lines 13, 14 and 15 — Partnership, trust and estates, and S corporation income or loss

Enter in Column A the income or loss from partnerships, trusts and estates, and S corporations, that is included in the total on federal Form 1040, line 17.

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

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

Partnership and S Corporation. If you are a nonresident, the Indiana partnership and S corporation should provide to you an apportioned amount to be taxed by Indiana on Form IN-K1. If those Indiana entities do not apportion their income, then enter in Column B the same amount from those entities as you entered in Column A.

Important. Indiana partnerships and S corporations are required to:
- File an annual return, Form IT-65/Form IT-20S;
- Withhold Indiana state and county income tax on behalf of their nonresident partners and shareholders*; and,
- Figure and pay (with the filing of their annual return) Indiana state and county income tax due on their nonresident partners and shareholders on a composite return.

Therefore, you are not required to file Form IT-40PNR if:
- You are a full-year nonresident of Indiana,
- Your only Indiana-source income is from partnership/S corporation (entity) income, AND
- The entity included you on the composite return.

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

However, you are required to file Form IT-40PNR if you have any other Indiana-source income, or were a part-year resident.

Note: See the instructions for tax add-back for Schedule B, line 1, on page 20.

Line 16 — Farm income or loss
Enter in Column A the farm income/loss from federal Form 1040, line 18. Enter in Column B that portion of farm income/loss subject to tax in Indiana.

Also, see the instructions for:
- Apportionment on Section 1, line 19 if this income is from a farm doing business both within and outside Indiana, and
- Tax add-back for Schedule B, line 1, on page 20.

Line 17 — Unemployment compensation
Enter in Column A the unemployment income from federal Forms 1040, line 19, 1040A, line 13, or 1040EZ, line 3. Enter in Column B that portion of unemployment income received while you were an Indiana resident.

Important. If you received unemployment compensation while you were an Indiana resident you may qualify for a deduction. For more information, see page 26 for Schedule C, line 10 instructions.

Line 18 — Social Security and railroad retirement benefits
Enter in Column A the portion of Social Security and/or railroad retirement benefits that are taxed on your federal Forms 1040 or 1040A. Enter in Column B* the portion received while you were an Indiana resident.

***Note.** Indiana will not tax Social Security benefits or railroad retirement benefits which are issued by the U.S. Railroad Retirement Board. Therefore, if you listed any of these benefits in Column B. then look at Indiana Schedule C: Deductions. Enter those same amounts on line 5 and/or 6 on Schedule C.

Line 19 — Indiana apportioned income
Apportioned business income from Schedule IT-40PNRA is reported on this line. The apportionment schedule is used only by nonresidents with income or losses from a business that does business both within and outside Indiana. Report the amount from Schedule(s) IT-40PNRA, Part 3, line 3. Contact the Department to get Schedule IT-40PNRA.

Note. If you are apportioning business income, make sure to:
- Report the full amount from your federal return onto Indiana Schedule A, Section 1, Column A, and
- Not report any of that income in the corresponding Column B.

Instead, you will report the amount to be taxed by Indiana in Column B on this line.

Example. Mark is a full-year nonresident of Indiana. His company did business both within Indiana and in other states. On Indiana Schedule A, Section 1, line 7, Column A, he reported the same amount of business income as he reported on his federal Form 1040. He left line 7, Column B blank. He entered the amount apportioned to Indiana on Section 1, line 19, Column B.

Line 20 — Other income
Enter any other income or loss for which there is no named line provided on the IT-40PNR return.

- Report any NOL from your federal Form 1040, line 21 as a negative amount in Column A only. You will show the Indiana portion of your Indiana net operating loss deduction on Schedule C under line 11. See instructions for Indiana Net Operating Loss Deduction on page 28 for more information.
- Other types of income or loss would include riverboat winnings, prizes, awards, amounts recovered from bad debts, gross lottery and other gambling winnings, director's fees, excluded income/housing from federal Form 2555 (report as a loss), etc., as reported on your federal return.

List the source(s) of the income or loss reported on this line.

Schedule A
Proration

The purpose of this section is to compare the Indiana Schedule A, Section 1, line 21A income taxed on your federal return to the line 21B income taxed by Indiana. To do this, divide the amount on line 21B by the amount on line 21A. Please round your answer to a decimal followed by three numbers.

Example. $3,100 ÷ $8,000 = .3875, which rounds to .388. Enter the result here and on Schedule D: Exemptions, line 6.

Note: If line 21B is a loss, enter zero (0) in Box 21D and on Schedule D: Exemptions, line 6. If line 21A (or Box 21C) is a loss, and line 21B is a positive amount, enter 1.00 (100 percent) in Box 21D and on Schedule D: Exemptions, line 6.

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

Step 1 Enter the amount from Schedule A, line 21A... **1** _____________

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

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

Step 4 Enter the amount from Schedule A, line 21B .... **4** _____________

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

Schedule A
Section 2: Adjustments to Income

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

List the adjustments used in arriving at your federal adjusted gross income.

Unless otherwise stated:
- Enter in Column A your adjustments as they appear on your federal return; and
- Enter in Column B the portion of your adjustments which are subject to Indiana income tax.

Important information about possible year-end federal legislation.

This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of these adjustments may need to be eliminated and/or refigured.

For example, while the educator expense was scheduled to end (sunset), the adjustment for the expense may have been extended for federal income tax purposes. If the educator expense was not extended for 2012 federal income tax purposes, then there will be nothing to report on line 22, Column A. You may wish to periodically check the Department's homepage at www.in.gov/dor/ for updates about any impact of late federal legislation.

Line 22 — Educator expense

Enter in Column A any educator expense deduction properly claimed on your federal tax return, Form 1040, line 23 or Form 1040A, line 16. **Do not** report any educator expense in Column B as Indiana does not allow this deduction.

Line 23 — Certain business expenses of reservists, performing artists, etc.

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

Line 24 — Health savings account deduction

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

Line 25 — Moving expenses

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

Line 26 — Deductible part of self-employment tax

Enter in Column A the amount claimed on federal Form 1040, line 27. If some or all of the income on which this deduction was based is taxed by Indiana, then you will be able to take a deduction in Column B.

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

Indiana self-employment income / Federal self-employment income	X	Federal Adjustment (Column A)	=	Indiana Deduction (Column B)

Line 27 — Payments to self-employed, SEP, SIMPLE and qualified retirement plans

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

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

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

Indiana self-employment income	X	Federal Adjustment (Column A)	=	Indiana Deduction (Column B)
Federal self-employment income				

If both you and your spouse have Indiana self-employment income and qualify for the deduction on the federal return, you both are allowed a deduction on the Indiana tax return.

Line 28 — Self-employed health insurance deduction

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

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

Indiana source: self-employment income/certain income from partnerships and/or S corporations	X	Federal Adjustment (Column A)	=	Indiana Deduction (Column B)
Federal self-employment income/ certain income from partnerships and/or S corporations				

Line 29 — Penalty on early withdrawal of savings

Enter in Column A the penalty on early withdrawal of savings reported on your federal Form 1040, line 30. Enter in Column B that portion that was forfeited while you were an Indiana resident (provided it is included on Section 1, line 3, Column B).

Line 30 — Alimony paid

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

Line 31 — IRA deduction

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

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

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

Indiana compensation	X	Federal Adjustment (Column A)	=	Indiana Deduction (Column B)
Federal compensation				

Line 32 — Student loan interest deduction

Enter in Column A the student loan interest deduction reported on your federal Form 1040, line 33 or Form 1040A, line 18.

Were you and/or your spouse, if married, an Indiana resident at some point during 2012?

- If the answer is no, then **STOP**. You are not eligible to claim any student loan interest as a deduction for Indiana tax purposes. Leave line 32B blank.
- If the answer is yes, complete the *Modified Student Loan Interest Deduction Worksheet* on page 19 to see if you are eligible to claim some or all of your student loan interest deduction for Indiana income tax purposes.

Line 33 — Tuition and fees

Enter in Column A any tuition and fees deduction properly claimed on your federal Form 1040, line 34 or Form 1040A, line 19. Do not report any of the tuition and fees deduction in Column B as Indiana does not allow this deduction.

Line 34 — Domestic production activities deduction

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

Line 35 — Other adjustments (do not include itemized deductions)

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

Line 35 instructions continue on page 20.

Modified Student Loan Interest Deduction Worksheet

Complete the worksheet to see if you are eligible to claim some or all of this deduction for Indiana income tax purposes.

Step A Information from Indiana Sources

1. Enter the total interest you/your spouse paid in 2012 on qualified student loans while an Indiana resident. If zero, **STOP.** You/your spouse are not eligible for any student loan interest deduction for Indiana tax purposes. If more than zero, continue to line 2 .... 1 ______
2. Enter the sum of any amount included in line 1:
   - that was paid on student loans after the first 60 months that interest payments were required, plus
   - any amount that was a voluntary payment of interest and was paid within the first 60 months that interest payments were required .... 2 ______
3. Subtract line 2 from line 1. If answer is zero, **STOP.** You are not eligible for any student loan interest deduction for Indiana tax purposes. If more than zero, enter amount and continue to Step B, line 4 .... 3 ______

Step B Information from All Sources

4. Enter the total interest you (and your spouse, if married) paid in 2012 on qualified student loans........ 4 ______
5. Enter the sum of any amount reported on line 4:
   - that was paid on student loans after the first 60 months that interest payments were required, plus
   - any amount that was a voluntary payment of interest and was paid within the first 60 months that interest payments were required .... 5 ______
6. Subtract line 5 from line 4. If the answer is zero, **STOP.** You are not eligible for any student loan interest deduction for Indiana tax purposes. If more than zero, enter amount and continue to Step C, line 7........ 6 ______

Step C

7. Enter the lesser of the amount from Step B, line 6, or $2,500 .... 7 ______
8. Enter the amount from Form 1040, line 22 (or Form 1040A, line 15) .... 8 ______
9. Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36 (or Form 1040A, lines 16 plus 17)........ 9 ______
10. Subtract line 9 from line 8. This is your modified adjusted gross income .... 10 ______
11. Enter the amount shown below for your filing status used on your federal income tax return
    - Single, head of household, widow(er) $50,000
    - Married filing jointly $75,000 .... 11 ______
12. Is the amount on line 10 more than the amount on line 11?
    No. Skip line 13, enter -0- on line 14
    Yes. Subtract line 11 from line 10 .... 12 ______
13. Divide line 12 by $15,000. Enter the result as a decimal rounded to three places. If the result is 1.000 or more, enter 1.000 .... 13 ______
14. Multiply line 7 by line 13........ 14 ______
15. Subtract line 14 from line 7. If answer is zero, **STOP.** You are not eligible for any student loan interest deduction for Indiana tax purposes. If more than zero, enter amount and continue to Step D, line 16, on the next page .... 15 ______

Step D

16. Divide the amount from Step A, line 3 by the amount from Step B, line 6. Enter the result as a decimal rounded to three places. If the result is 1.000 or more, enter 1.000 .... 16 ________
17. Multiply the amount on line 15 by the amount on line 16. .... 17 ________
    - If the amount is more than zero, round* the amount to the nearest whole dollar and enter here and on Schedule A, line 32B.
    - If the answer is zero, **STOP.** You are not eligible for any student loan interest deduction for Indiana tax purposes.

*When rounding, drop amounts of less than $.50, and increase amounts of $.50 or more to the next whole dollar.

Here is a list of the most common allowable deductions.

- Enter in Column A the **jury duty pay** deducted on your federal Form 1040. Enter in Column B the jury duty pay turned over to your employer that is in direct relation to the salary being taxed by Indiana (included in the line 21, Column B total).
- Enter in Column A the **Archer MSA deduction** deducted on your federal Form 1040. Enter in Column B the portion of the deduction that is directly related to the reported Income in Section 1,
- Column B.
- Enter in Column A any adjustment claimed for **scholarship and fellowship grants** excluded on federal Form 1040NR, line 30. Enter in Column B the portion excluded while residing in Indiana, or while being an Indiana resident, and attach a copy of your 1040NR.

Do not claim itemized deductions on this line.

Schedule B: Add-Backs

You may have to complete this schedule if:

- while you were an Indiana resident, you received income or loss, unemployment compensation and/or reported a lump sum distribution on federal Form 4972;
- you were a nonresident and had Indiana-source income or loss; or
- you reported Indiana add-backs in prior years which impact this year's filing.

Enter those amounts which have a direct relationship to Indiana taxation.

Example. Juan lives in Illinois and owns and runs an Indiana farm. He will have to add-back on line 1 any taxes based on or measured by income that were deducted on his federal Schedule F.

When reporting these add-backs, maintain with your records the corresponding federal tax forms and schedules as the Department can require you to provide them at a later date.

Important information about possible year-end federal legislation. This publication was finalized before all year-end federal legislative changes were complete. Therefore, some of these add-backs may need to be adjusted. You may wish to periodically check the Department's homepage at www.in.gov/dor/ for updates about any impact of late federal legislation.

Line 1 – Tax add-back

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

On those schedules you are allowed to claim a deduction for taxes paid which are based on, or measured by income, and levied at a state level by any state in the United States. If you claimed this kind of deduction on any of these schedules, then you must add it back to your Indiana income. **Do not** add back property taxes on this line.

Note: Income, losses and/or expenses from other schedules and forms may flow through to federal Schedules C, E and F. For example, partnership income from federal Schedule K-1 (Form 1065) may be included on federal Schedule E, while expenses from federal Form 8829 may be included on federal Schedule C. Make sure to check these schedules and forms for any deduction that needs to be added back.

Line 2 – Lump sum distribution add-back

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

Line 3 – Bonus depreciation add-back

You must make an exception for any bonus depreciation deduction used for property placed in service after Sept. 11, 2001. Bonus depreciation is the additional first-year special depreciation deduction allowed under Section 168(k) of the Internal Revenue Code (IRC).

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

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

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

Example. Ann made an initial adjustment for bonus depreciation on last year's Indiana tax return. This year she figures she is entitled to a $150 *additional* depreciation amount for state tax purposes. She should enter that amount as a negative entry, or -150, on line 3.

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

Line 4 – Section 179 expense add-back

You may have figured an IRC Section 179 expense using a ceiling or more than $25,000 for federal tax purposes. Indiana allows you to figure IRC Section 179 expense using a ceiling of no more than $25,000. If you figured IRC Section 179 expense using a ceiling amount of more than $25,000, you'll need to add back the difference between it and $25,000 on this line.

Line 5 – Other Add-Backs

Each of the following add-backs has been assigned a three-digit code number. When reporting the add-back, write its name, the associated three-digit number and the amount.

Example. Enter the following information on line 7a to report a $700 qualified disaster assistance property add-back.

7a. Qualified disaster assistance property   code no. 110 $700

Certain trade or business deductions based on employment of unauthorized alien add-back 132

Add the amount of any trade or business deductions allowed under the Internal Revenue Code for wages, reimbursements, or other payments made for services provided in Indiana by an individual for services as an employee, if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a.

Important. This add-back requirement does not apply to payments made for services provided to a business that was enrolled and participated in the E-Verify program (as defined in IC 22-5-1.7-3) during the time the taxpayer conducted business in Indiana in the taxable year.

Enter code 132 on Schedule B under line 5 if reporting this add-back.

Deferral of business indebtedness discharge and reacquisition add-back 107

Add an amount equal to any income not included as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition of a debt instrument (as provided in Section 108(i) of the IRC). Subtract the amount added to income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after Dec. 31, 2008, and before Jan. 1, 2011, of an applicable debt instrument.

Enter code 107 on Schedule B under line 5 if reporting this add-back.

Discharge of debt of a principal residence add-back 117

You may have to add back some or all of the amount of debt not reported on your federal tax return due to the discharge of indebtedness of your principal residence (mortgage forgiveness).

The amount of discharge of indebtedness of your principal residence to be added back can be found on:
- Form 1099-C (or its equivalent), Box 2, and/or
- On federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment). If Part 1 Line 1e is checked on Form 982, then the amount on Part 1 Line 2 from the discharge of qualified principal residence indebtedness must be added back if you were an Indiana resident on the date the debt was discharged (1099C, Box 1).

Note. No add back is required if the discharge of indebtedness of your principal residence:
- was included in a bankruptcy, or
- if you were not a resident of Indiana at the time the debt was discharged (1099C, Box 1).

Maintain with your records both federal Form 1099C and Form 982 as the Department can require you to provide this information at a later date. Enter code 117 on Schedule B under line 5 if reporting this add-back.

Employer-provided educational expenses add-back 125

The first $5,250 of the normally exempt employer-provided educational expenses are subject to tax in Indiana. If you received up to $5,250 of federally exempt employer-provided educational expenses:
- while you were an Indiana resident, and/or
- from Indiana-source employment (and this Indiana-source income is subject to adjusted gross income tax in Indiana), then
- you will need to add it back.

Example. Harper was a full-year Illinois resident in 2012 and received wage income from Indiana sources. Her Indiana employer provided her with $1,400 in educational expenses, and did not include this amount in her gross wages. She will report the $1,400 on Schedule B under line 5.

Enter code 125 on Schedule 1 under line 5 if reporting this add-back.

IRA charitable distribution add-back 122

Add an amount equal to any income not included in your adjusted gross income because of a charitable distribution from an IRA (as provided in Section 408(d)(8) of the Internal Revenue Code).

Note. You are not required to add this back if you were not an Indiana resident when the charitable contribution was made.

Enter code 122 on Schedule 1 under line 5 if reporting this add-back.

Motorsports entertainment complex add-back 130

If you excluded income because of any motorsports entertainment complex classified as 7 year property (as provided in Section 168(e)(3)(C)(ii) of the Internal Revenue Code) placed into service in the taxable year, add the amount of income excluded so that your adjusted gross income (AGI) is equal to the amount of AGI that would have been computed without the exclusion.

Enter code 130 on Schedule B under line 5 if reporting this add-back.

Oil and gas well depletion deduction add-back 134

The following provisions of the Internal Revenue Code (IRC) that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are to be treated as though they were not amended by that act:

Section 613A(c)(6)(H)(ii) of the IRC pertaining to the limitations on percentage depletion in the case of oil and gas wells. (The federal amendment extends the suspension of the ability to deduct more than 100% of the net income from that property for marginal production (less than 15 barrels per day and heavy oil)).

Enter code 134 on Schedule B under line 5 if reporting this add-back.

OOS municipal obligation interest add-back 137

Interest earned from a direct obligation of a state or political subdivision other than Indiana (out of state, or OOS) is taxable by Indiana if:

- the obligation is acquired after Dec. 31, 2011, and
- you received this income while being an Indiana resident.

Interest earned from obligations held or acquired before January 1, 2012, is not subject to Indiana income tax and should not be reported as an add back.

Note. Interest earned from obligations of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana is not included in federal gross income and is exempt under federal law. There is no add-back for interest earned on these obligations.

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

Enter code 137 on Schedule B under line 7 if reporting this add-back.

Other (current year conformity) add-back 120

Before this publication was finalized Indiana had not conformed to any changes to the Internal Revenue Code (IRC) that may have become law after January 1, 2011. Therefore, the IRC used to figure Indiana income may not be the same as the IRC used to figure federal income.

This add-back is specific to these annual current year conformity issues. If uncertainty exists as to whether or not Indiana will adopt some or all of the federal legislation passed during 2012 that acts to modify federal AGI, you may add-back those items as an "other" add-back. In the event those items are adopted, an amended return should be filed to recoup the add-back(s).

All entries marked as "other" must be reported as a positive amount on the original tax return. Negative entries will not be allowed.

This add-back is only for current year conformity issues. Conformity issues for preceding tax years must be addressed on the add-back line specific to the item in question. For instance, an add-back for the qualified refinery property was first added-back on the 2011 Schedule 1, line 12, or B, line 6. The adjustment going forward should be reported on the 2012 Schedule B, line 5, using the 3-digit code 111.

If the state legislature does not conform to federal code changes enacted after January 1, 2012, you may have to amend your return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the Department's homepage at www.in.gov/dor for updates.

Enter code 120 on Schedule B under line 5 if reporting this add-back.

Qualified advance mining safety equipment add-back 126 (326 for 2010*)

If you claimed a deduction for the expense of qualified advanced mine safety equipment under Section 179 of the Internal Revenue Code, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the deduction not been claimed.

Enter code 126 on Schedule B under line 5 if reporting this add-back.

Qualified disaster assistance property add-back 110

If you claimed the special allowance for qualified disaster assistance property under Section 168(n) of the IRC, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the special allowance not been claimed for the property.

Enter code 110 on Schedule B under line 5 if reporting this add-back.

Qualified electric utility amortization add-back 135

The following provision of the Internal Revenue Code (IRC) that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are to be treated as though they were not amended by that act:

Section 451(i)(3) of the IRC pertaining to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities (The federal amendment provides that the sale or other disposition of property used by a qualified electric utility to an independent transmission company will allow the electric utility to elect to recognize gain from the transaction ratably over an eight year period beginning in the year of the sale if the amount realized from the sale is used to purchase exempt utility property within the applicable period. This amortization is disallowed for Indiana purposes).

Enter code 135 on Schedule B under line 5 if reporting this add-back.

Qualified environmental remediation costs add-back 121

If you claimed a deduction for qualified environmental remediation costs under Section 198 of the Internal Revenue Code, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the deduction not been claimed.

Enter code 121 on Schedule B under line 5 if reporting this add-back.

Qualified film or television production add-back 112

If you made an election under Section 181 of the IRC to expense costs for a qualified film or television production tax purposes, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the election not been made for that year.

Enter code 112 on Schedule B under line 5 if reporting this add-back.

Qualified leasehold improvement property add-back 129

If you excluded income because of qualified leasehold improvement property (as provided in Section 168(e)(3)(E)(iv) of the Internal Revenue Code) placed into service in the taxable year, add the amount of income excluded so that your adjusted gross income (AGI) is equal to the amount of AGI that would have been figured without the exclusion.

Enter code 129 on Schedule B under line 5 if reporting this add-back for the 2012 tax year.

Qualified preferred stock add-back 113

You may have had a loss from the sale or exchange of preferred stock in:

- The Federal National Mortgage Association, established under the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.), or
- The Federal Home Loan Mortgage Corporation, established under the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.).

If you treated this as an ordinary loss under Section 301 of the Emergency Economic Stabilization Act of 2008 in the current taxable year or in an earlier taxable year, add an amount equal to the amount of adjusted gross income that would have been computed had the loss not been treated as an ordinary loss.

Enter code 113 on Schedule B under line 5 if reporting this add-back.

Qualified refinery property add-back 111

If you made an election under Section 179C of the IRC to expense costs for qualified refinery property, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the election not been made for that year.

Enter code 111 on Schedule B under line 5 if reporting this add-back.

Qualified restaurant property add-back 108

If you placed qualified restaurant property in service during the year that was classified as 15-year property under Section 168(e)(3)(E)(v) of the IRC, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the classification not applied to the property in the year that it was placed in service.

Enter code 108 on Schedule B under line 5 if reporting this add-back.

Qualified retail improvement property add-back 109

If you placed qualified retail improvement property in service during the year that was classified as 15-year property under Section 168(e)(3)(E)(ix) of the IRC, add the amount necessary to make your adjusted gross income (AGI) equal to the amount of AGI that would have been computed had the classification not applied to the property in the year that it was placed in service.

Enter code 109 on Schedule B under line 5 if reporting this add-back.

Qualified transportation fringe expenses add-back 127

If you excluded any income as a result of qualified transportation fringe provided by an employer, add the amount, if any, of excluded income exceeding $100 per month (as provided in Section 132(f) of the Internal Revenue Code).

Enter code 127 on Schedule B under line 5 if reporting this add-back.

RIC dividends to nonresident aliens add-back 133

The following provisions of the Internal Revenue Code (IRC) that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are to be treated as though they were not amended by that act:
Section 871(k)(1)(c) and section 871(k)(2)(C) of the IRC pertaining to the treatment of certain dividends of regulated investment companies received by nonresident aliens. (The federal amendment extends the rules exempting from gross basis tax and from withholding tax the interest related dividends and short term capital gain dividends received from a RIC by a nonresident alien.)

Enter code 133 on Schedule B under line 5 if reporting this add-back.

Start-up expenditures add-back 131

Add the amount deducted under Section 195 of the Internal Revenue Code for start-up expenditures that exceeds the amount you could deduct under Section 195 of the Internal Revenue Code before it was amended by the Small Business Jobs Act of 2010 (P.L. 111-240).

Enter code 131 on Schedule B under line 5 if reporting this add-back.

Schedule C: Deductions

Line 1 – Renter's deduction

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

- You paid rent on your principal place of residence, and
- The place you rented was located in Indiana and subject to Indiana property tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

Line 2 – Homeowner's residential property tax deduction

You may be able to take a deduction of up to $2,500 of the Indiana property taxes (residential real estate taxes) paid on your principal place of residence. Your "principal place of residence" is the place where you have your true, fixed home and where you intend to return after being absent.

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

Important: You cannot claim this deduction for property tax paid in 2012 if you are claiming the Lake County residential income tax credit on Schedule F, line 6.

How do I claim my deduction?
First, complete the information area on Schedule C, line 2. Enter the address of your principal residence where the Indiana property tax was paid if it's different from the address on the front of the return. If you had more than one principal residence during the year, and you paid Indiana property tax on both residences, list the additional residence on a separate piece of paper.

Example. Chris and Chetrice married in 2012. They sold both of their Indiana homes during the year and began renting. They are eligible to claim a property tax deduction on the combined property taxes paid on both homes if they are filing a joint return (limited to $2,500 altogether).

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

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

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

How do I find out how much I paid in Indiana property tax on my principal residence? Indiana counties annually send statements to homeowners showing how much property tax is due on their property. Add together the 2012 spring and fall installments, if you paid both of them.

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

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

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

Line 3 – State tax refund reported on federal return

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

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

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

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

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

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

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

Lines 5 and 6 – Taxable Social Security and/or railroad retirement benefits deduction

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

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

Note: See the *Railroad unemployment and sickness benefits* deduction instructions on page 30 if you have received unemployment and/or sickness benefits from the Railroad Retirement Board.

Line 7 – Military service deduction

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

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

- You were at least 60 years of age by Dec. 31, 2012,
- You were receiving military retirement or survivor's benefits in 2012, and
- The benefits received as retirement income were reported on your federal return.

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

Important. If you served in the Indiana National Guard or the reserve component of the armed forces during 2012, see the National guard and reserve component members deduction on page 29.

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

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

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

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

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

Line 8 – Non-Indiana locality earnings deduction

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

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

The deduction is limited. You may deduct the amount of your income that was taxed by a non-Indiana locality or $2,000, whichever is less. If you and your spouse both qualify, you may each claim the deduction for a maximum of $4,000 (limited to no more than $2,000 per person). You must attach proof that the tax was paid to a locality outside Indiana to be allowed this deduction. A W-2 form is proof as long as the W-2 form shows a withholding amount and the name of the non-Indiana locality where the tax was paid. The name of the locality is usually found in box 20, Locality Name, on the W-2 form. A copy of a non-Indiana locality tax return will also serve as proof of tax paid.

Remember: You may take this deduction only if your wage income is taxed by both Indiana and a locality outside Indiana. For more information see Income Tax Information Bulletin #28 at www.in.gov/dor/3650.htm.

Line 9 – Insulation deduction

You may be able to take this deduction if you installed new insulation in your Indiana home during 2012. Insulation includes weather stripping, double pane windows, storm doors and storm windows. To take this deduction the following requirements must be met:

- The insulating items must have been installed in your principal place of residence located in Indiana,
- The part of your home where the insulating items were installed must have been built *before* Jan. 1, 2008,
- 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, including labor, up to a maximum of $1,000.

Important: When claiming this deduction, maintain with your records the following information (as the Department can require you to provide this information at a later date): item(s) purchased; purchase price; place of purchase; date(s) of purchase and installation; and amount paid for labor (you cannot include the cost of labor that you did yourself).

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

Line 10 – Nontaxable portion of unemployment compensation

You may be eligible for a deduction if you received unemployment compensation while being an Indiana resident. Complete the worksheet at the top of page 27.

***Important.** Do not include any unemployment compensation issued by the U.S. Railroad Retirement Board on line 2 of the worksheet. Instead, see the instructions for the *Railroad unemployment and sickness benefits* deduction on page 30 for more information.

Line 11 – Other deductions

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

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

11a. Civil Service Annuity	601	11a	130
b. Indiana Net Operating Loss	607	11b	5200

Airport development zone employee deduction 600

Certain areas within Indiana have been designated as airport development zones. Currently, Allen County is eligible to designate zones. If you lived in an airport development zone and worked for a qualified employer in that zone, you may be able to take this deduction. Your employer will provide Form IT-40QEC to you if you are eligible to claim this deduction. The amount of the deduction is one-half (½) of the earned income shown on that form or $7,500, whichever is less. You must attach Form IT-40QEC to the Form IT-40PNR to support any claimed deduction.

Enter code 600 under line 11 if claiming this deduction.

Civil service annuity deduction 601

If the income on Indiana Schedule A, Section 1, line 11B includes federal civil service annuity payments, you may be eligible to take a deduction if you were at least 62 years of age by Dec. 31, 2012. To figure your deduction, begin with the amount of annuity payments received or $2,000, whichever is less. Subtract from that amount any Social Security and railroad retirement benefits (issued by the U.S. Railroad Retirement Board) you received.

Unemployment Compensation Worksheet

Note: If you were married but filing separately, and you lived with your spouse at any time during 2012, enter -0- on line 3 of the worksheet. However, if you were married but filing separately, and lived apart from your spouse the entire year, enter $12,000 on line 3.

1.	Unemployment compensation included on Indiana Schedule A, Section 1, line 17B	1		
2.	Federal adjusted gross income from Form 1040 (line 37), Form 1040A (line 21), or Form 1040EZ (line 4)	2		
3.	Enter $12,000 if single, or $18,000 if married filing a joint return...	3		
4.	Subtract line 3 from line 2. If zero or less, enter -0-	4		
5.	Enter one-half of the amount on line 4 (divide line 4 by the number 2)	5		
6.	Taxable unemployment compensation for Indiana purposes: enter the amount from either line 1 or line 5, whichever is smaller	6		
7.	Subtract line 6 from line 1. Carry this amount to Schedule C, line 10...	7		

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

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

If you and your spouse both received civil service annuities, you may each take this deduction for a maximum of $4,000 (no more than $2,000 per qualifying person), provided you both meet the age requirement. The civil service annuity deduction is available only to the annuitant and is not available to the annuitant's beneficiary. For more information about this deduction see Income Tax Information Bulletin #6 at www.in.gov/dor/3650.htm.

Enter code 601 under line 11 if claiming this deduction.

Disability retirement deduction 602

To take this deduction you must have:

- Been permanently and totally disabled at the time of retirement,
- Retired on disability before Dec. 31, 2012, and
- Received disability retirement income during 2012.

If you meet these qualifications, you must complete Schedule IT-2440 and have it signed by your doctor to claim this deduction. Schedule IT-2440 must be attached to your tax return when claiming this deduction. For more information about this deduction see Income Tax Information Bulletin #70 at www.in.gov/dor/3650.htm and Schedule IT-2440 at www.in.gov/dor/4657.htm.

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

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

Enter code 602 under line 11 if claiming this deduction.

Enterprise zone employee deduction 603

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Your employer will provide Form IT-40QEC to you if you are eligible to claim this deduction. The amount of the deduction is one-half (½) of the earned income shown on Form IT-40QEC or $7,500, whichever is less. If you and your spouse both have received Form IT-40QEC, you may each take this deduction for a combined maximum of $15,000 (no more than $7,500 per qualifying person).You must maintain Form IT-40QEC with your records.

Enter code 602 under line 11 if claiming this deduction.

Human services deduction 605

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

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

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

Enter code 605 under line 11 if claiming this deduction.

Lottery Winnings Worksheet

A. Enter the amount of winnings from the Hoosier Lottery Commission that you have reported on your federal Form 1040, line 21 .... A $ ________

B. Locate those W-2Gs (issued by the Hoosier Lottery Commission) showing Indiana state withholding in Box 14. Add the amounts from Box 1 of each of those W-2G's; enter total here .... B $ ________

C. Exemption .... C $ 1,200

D. How many W-2Gs did you locate in step B above (e.g. 1, 2, etc.)? D X ________

E. Multiply line C by line D; enter result here .... E $ - ________

F. Subtract line E from line B; enter result here .... F $ - ________

G. Subtract line F from line A. Enter here and on Schedule C under line 11 .... G $ ________

Indiana lottery winnings deduction 606

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

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

Complete the worksheet below to see if you are eligible for a deduction.

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

Indiana nonresidents must report winnings from Indiana pari-mutuel horse races and Indiana riverboats; these winnings should not be deducted from your taxable income.

Enter code 606 under line 11 if claiming this deduction.

Indiana net operating loss deduction 607

You may take a deduction for the Indiana portion of the federal net operating loss deduction reported on federal Form 1040. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2012.) Write the amount you deduct as a positive figure. Enclose Schedule A from federal Form 1045 and a completed Indiana Schedule IT-40NOL when claiming this deduction. Also, maintain with your records a copy of the federal Form 1040 from the loss year as the Department can require you to provide this information at a later date.

Enter code 607 under line 11 if claiming this deduction.

Indiana partnership long-term care policy premiums deduction 608

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

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

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

If the information shown in the box above is not located in a box on your policy, you do not have a qualifying policy, and are not eligible to take this deduction. The deduction is the amount of premiums paid during the year on the policy for the taxpayer and/or spouse.

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

Example. Sam paid $4,500 in Indiana partnership long-term care premiums and deducted $1,360 of that amount as an expense on his federal Schedule C (Profit or Loss from Business). He is eligible to deduct the $3,140 difference ($4,500 - $1,360) on Indiana Schedule C under line 11.

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

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

Enter code 608 under line 11 if claiming this deduction.

Law enforcement reward deduction 611

If you reported an amount you received as a reward as "other income" on Indiana Schedule A, Section 1, line 20B, you may be eligible for this deduction. If you received a reward for providing information to a law enforcement official or agency; if the information assisted in the arrest, indictment or the filing of charges against a person; and, if you are not compensated for investigating crimes, the person convicted of the crime or the victim of the crime; then you can deduct the lesser of the amount received or $1,000.

Enter code 611 under line 11 if claiming this deduction.

Medical savings account deduction 612

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

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

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

Enter code 612 under line 11 if claiming this deduction.

National Guard and reserve component members deduction 621 (also see the Military service deduction on page 25)

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

Who is eligible?

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

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

Or, a member of:
- the Indiana Army National Guard; or
- the Indiana Air National Guard.

What is eligible to be deducted?

If you are eligible (based on the above requirements), your deduction is the qualified military income* received as a result of service on involuntary orders:
- During the period you were deployed or mobilized for full-time service, or
- During the period your Indiana National Guard unit was federalized.

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

What is qualified military income?

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

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

Example. Brandon is a member of the Indiana National Guard.
- From January through Oct. 15, 2012, Brandon earned $6,000 from the guard.
- His unit was federalized on Oct. 16, 2012. He earned $7,000 from that point through Dec. 1, 2012.
- His unit was assigned to a combat zone on Dec. 2, 2012, and he earned $3,000 from then until the end of the year.
- Brandon's military W-2 shows $13,000 in Box 1, Wages, tips, other compensation (the combat zone income is not included in Box 1 because it is not taxable).

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

Military withholding statements <u>must</u> be attached to the tax return when claiming this deduction.

Enter code 621 under line 11 if claiming this deduction.

Nonresident military spouse earned income deduction 625

A spouse of a nonresident military servicemember may not owe tax to Indiana on earned income from Indiana sources. The spouse may be eligible to claim a deduction if:
- Indiana is not the military servicemember's state of domicile as reported on the servicemember's Form DD-2058;
- The military servicemember and spouse are domiciliaries of the same state;
- The military servicemember is in Indiana on military orders;
- The military servicemember's spouse is in Indiana in order to live with the servicemember, and resides at the same address; or
- The military servicemember and spouse live together in a state other than Indiana, but the servicemember's spouse works in Indiana; and
- The Indiana-source income is included on Indiana Schedule A on line 1B, 2B and/or 7B.

To claim this deduction you must enclose a completed Schedule IN-2058SP, which is available at www.in.gov/dor/4657.htm.

Enter code 625 under line 11 if claiming this deduction.

Private school/homeschool deduction 626

You may be eligible for a deduction based on education expenditures paid for each dependent child who is enrolled in a private school or is homeschooled.

Dependent child qualifications

- Your dependent child must be eligible to receive a free elementary or high school education (K-12 range) in an Indiana school corporation;
- You must be eligible to claim the child as a dependent on your federal tax return; and
- The child must be your natural or adopted child or, if not, you must have been awarded custody of the child in a court proceeding making you the court appointed guardian or custodian of the child.

Education expenditure. This refers to any expenditures made in connection with enrollment, attendance, or participation of your dependent child in a private elementary or high school education program. The term includes tuition, fees, computer software, textbooks, workbooks, curricula, school supplies (other than personal computers), and other written materials used primarily for academic instruction or for academic tutoring, or both. The term does not include the delivery of instructional service in a home setting to your dependent child who is enrolled in a school corporation or a charter school.

A **"private elementary or high school education program"** means attendance at a nonpublic school (including a private school, a parochial school and a homeschool) in Indiana that satisfies a child's obligation for compulsory attendance at a school.

The obligation for "compulsory attendance" means a child must be in attendance in a school (public and/or private) for a minimum of 180 days in a calendar year.

Note. No deduction will be available based on a child who is enrolled in school for a period of less than 180 days in a calendar year.

Figure your deduction. If you made an unreimbursed education expenditure during 2012 your deduction is:
(1) $1,000; multiplied by
(2) the number of qualified dependent children for whom you made education expenditures.

Example. Greg and Constance have three children ages 7, 9 and 11. The two oldest children attend a private school. The youngest child attends the neighborhood public school. The parents purchased schoolbooks for all three children. They will be eligible for a $2,000 deduction (the youngest does not qualify as he attends a public school).

Note: A qualifying child may be claimed for this deduction only once per year. For example, if a husband and wife are married and filing separately, whichever parent is eligible to claim the child as a dependent for exemption purposes is eligible to claim this deduction.

How to report the deduction. If the private school or homeschool is registered with the Indiana Department of Education (IDOE), enter the school's name and identifying number assigned by the IDOE.

Examples.

- On Schedule C line 11a enter "XYZ Homeschool 019999Z" in the "Enter deduction name" box, followed by code no. 626 and the amount of the deduction.

- If the school is not registered with the IDOE, just enter the name "XYZ Homeschool" in the "Enter deduction name" box, followed by code no. 626 and the amount of the deduction.

If the school has no designated name, enter "private school/homeschool" in the "Enter deduction name" box, followed by code no. 626 and the amount of the deduction.

For more information about this deduction, see Income Tax Information Bulletin #107 at www.in.gov/dor/3650.htm.

Qualified patents income exemption deduction 622

Some of the income from qualified patents included in federal taxable income may be exempt from Indiana adjusted gross income tax. A qualified patent is a utility patent or a plant patent issued after Dec. 31, 2007, for an invention resulting from a development process conducted in Indiana. The term does not include a design patent. Get Income Tax Information Bulletin #104 at www.in.gov/dor/3650.htm for more information.

Enter code 622 on Schedule C under line 11 if claiming this deduction.

Railroad unemployment and sickness benefits 624

Benefits issued by the U.S. Railroad Retirement Board are not taxable to Indiana.

Deduct unemployment and/or sick pay benefits issued by the U.S. Railroad Retirement Board on this line if:

- You included these benefits as taxable income on Indiana Schedule A: Section 1, Column B, and
- You did not already deduct these benefits on Schedule C, lines 5 and/or 6.

Do not include any supplemental sick pay benefits on this line.

Make sure to keep the statements (such as Form 1099G) issued by the U.S. Railroad Retirement Board as the Department may request them at a later date.

Enter code 624 on Schedule C under line 11 if claiming this deduction.

Recovery of deductions 616

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

Generally, Indiana does not allow you to claim itemized deductions from federal Schedule A. However, if you reported *recovered* itemized deductions as "other income" on line 21 of your federal Form 1040, use the portion of that amount also reported on Indiana Schedule A, Section 1, line 20B as a deduction on this line.

Enter code 616 under line 11 if claiming this deduction.

Solar powered roof vent or fan deduction 623

An Indiana resident may be eligible for a deduction up to $1,000 if a solar powered roof vent or fan was installed on a building owned or leased by the individual. A *solar powered roof vent or fan* is a roof vent or fan that is powered by solar energy and used to release heat from a building.

The deduction must be claimed in the installation year, and is limited to the **smaller** of:

- One-half of the amount paid for labor and materials for the installation of a solar powered roof vent or fan, or
- $1,000.

Important: When claiming this deduction, maintain with your records the following information (as the Department can require you to provide this information at a later date):

- The installation date(s),
- Proof of your costs for the installation of a solar powered roof vent or fan, and
- A list of the persons or corporation that supplied labor or materials for the installation of the solar powered roof vent or fan.

Enter code 623 on Schedule C under line 11 if claiming this deduction.

Schedule D: Exemptions

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

Line 1 – Exemptions

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

Example. John and Lisa have a 12-year-old daughter. On John and Lisa's joint federal return they claim themselves and their daughter as exemptions. They'll enter "3" in the box on line 1 for a total of $3,000 exemptions.

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

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

Line 2 – Additional exemption for dependent child

Important: Schedule IN-DEP must be filed when claiming this exemption. Keep reading to find instructions for this schedule.

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

Dependent Child Definition: According to state statute, a dependent child must be a son, stepson, daughter, stepdaughter and/or foster child (and/or your spouse's child, if filing a joint return). He/she must be either under the age of 19 by Dec. 31, 2012, or be a full-time student who is under the age of 24 by Dec. 31, 2012.

If any dependent(s) you are eligible to claim on your federal return also meets the *Dependent Child Definition* above, enter that number in the box on line 2.

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

Example. Jessie's elderly father and her nine-year-old daughter lived with her the entire year. She claimed both as dependents on her federal return. Jessie will claim her daughter for the additional exemption on line 2. She is not allowed to claim the additional exemption for her father.

Note: Not all dependent children are eligible for this additional exemption. For instance, if you claimed a grandson or nephew as an exemption on your federal return, you should also claim an exemption for him on line 1. However, since he doesn't qualify under the *Dependent Child Definition* above, you will not be able to claim the additional exemption for him on line 2.

Schedule IN-DEP. You must complete and enclose Indiana's *Schedule IN-DEP: Additional Dependent Child Information*, listing every child for whom you are claiming this exemption. Enter the first and last name and Social Security number (SSN) of each child claimed for this exemption. If your child has an individual taxpayer identification number (ITIN) or adopted taxpayer identification number (ATIN), enter that number in the Child's Social Security Number column.

No SSN/ITIN/ATIN. If you do not have the required SSN, ITIN or ATIN, you will not be eligible to claim this exemption. If you have applied for one of these numbers, but do not have it by the filing due date, you can file for an extension of time to file, Form IT-9 (www.in.gov/dor/4657.htm). Indiana also honors the federal extension of time to file, Form 4868.

Instructions continue on page 32.

Exception. If your qualified dependent child was born and died in 2012 and you do not have an SSN for the child, enter the word "Died" in the third (largest) Social Security Number box associated with your child's name. You must keep a copy of the child's birth certificate, death certificate and/or hospital records with your records as the Department may request this information at a later date. The documents must show the child was born alive.

Example. | | | Died |

Line 3 – Age 65 or older or blind

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

Line 4 – Additional exemption for age 65 or older

An additional $500 exemption is available for you and/or your spouse (if filing a joint return) if you are age 65 or older and the amount on Form IT-40PNR, Schedule A, Section 3: Totals, line 37A, is less than $40,000. Place an "X" in the boxes that apply to you and/or your spouse. Enter the total number of boxes marked on this line and multiply by $500.

Line 6 – Proration amount

At the top of the back of Indiana Schedule A is the Proration Section. The number in Box 21D represents the percentage of your total income being taxed by Indiana. For example, .450 means that Indiana is taxing 45 percent (.45) of your total income. Enter the amount from Box 21D on Schedule D, line 6.

Multiply the line 5 total by the amount on line 6; enter the result on line 7.

Example. If line 5 is $1,000 and line 6 is .450, your line 7 total exemptions will be $450. Since Indiana is taxing 45 percent (.450) of your total income, you're allowed to deduct 45 percent of your total exemptions.

See instructions for the *Proration section* on page 17 for more information.

Schedule E: Other Taxes

Line 1 – Use tax on out-of-state purchases

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

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

Complete the worksheet on below to figure your tax. If you paid sales tax to the state where the item was originally purchased, you are allowed a credit against your Indiana use tax for an amount paid up to 7 percent.

Line 2 – Household employment taxes

If, while you lived in Indiana, you paid cash wages during 2012 to an individual who is **not**

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

Sales/Use Tax Worksheet
List all purchases made during 2012 from out-of-state retailers.

Column A Description of personal property purchased from out-of-state retailer	**Column B** Date of purchase(s)	**Column C** Purchase Price of Property(s)	
Magazine subscriptions:			
Mail order purchases:			
Internet purchases:			
Other purchases:			
1. Total purchase price of property subject to the sales/use tax: enter total of Columns C		1	
2. Sales/use tax: Multiply line 1 by .07 (7%)		2	
3. Sales tax previously paid on the above items (up to 7% per item)		3	
4. Total amount due: Subtract line 3 from line 2. Carry to Form IT-40PNR, Schedule E, line 1. If the amount is negative, enter zero and put no entry on Schedule E, line 1		4	

And the individual worked in and around your home as a baby-sitter, nanny, health aide, private nurse, maid, caretaker, yard worker or someone who does similar domestic duties, then that individual may be defined as your employee. For more information on defining an employee, see federal Publication 926, Household Employer's Tax Guide, visit www.irs.gov/formspubs or call the IRS at 1-800-829-1040.

If you paid cash wages over $1,800 to a household worker who is your employee, or total cash wages of $1,000 or more in any calendar quarter of 2011 or 2012 to all household employees, you should have withheld state and county income taxes. To pay these taxes on your Indiana income tax return, contact the Department for Schedule IN-H, or download one from www.in.gov/dor/4657.htm.

Line 3 – Recapture of Indiana's CollegeChoice 529 education savings plan credit

You may be eligible for a credit if you made a contribution(s) to Indiana's CollegeChoice 529 education savings plan (see instructions on page 51 for credit details). However, if you made a non-qualified withdrawal(s) from this plan, you will probably have to repay some or all of any credits previously claimed.

Withdrawals made for higher education expenses tend to be qualified withdrawals. Other withdrawals may fall under the category of "non-qualified." For more information about withdrawals, contact the Department for Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm. See Schedule IN-529R at www.in.gov/dor/4657.htm to figure any amount to be recaptured.

Schedule F: Credits

Lines 1 and 2 – Indiana state and county tax withheld

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

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

You must attach your (and your spouse's, if married filing jointly) W-2s, WH-18s and/or Form 1099s to your tax return to verify the amount withheld. If you had more than one job, a W-2 form for each job must be attached to the tax return so you can get credit for all Indiana state and county tax withheld.

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

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

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

Special instructions for composite filers. Additional state withholding tax may have been paid on your behalf on an Indiana business return (Form IT-20S and/or Form IT-65). If it was, then add that amount to the total amount reported on line 1, and enclose a statement from the S corporation/partnership to that effect.

A note about your W-2s. It is important that your W-2 form is readable. The income and state and county tax amounts withheld are verified on every W-2 form that comes in with your tax return. If you are not filing electronically, we encourage you to enclose the best copy available when you file.

Line 3 – Estimated tax paid for 2012

If you made estimated tax payments, enter the total paid for 2012 on this line. Also include any extension payment made with Form IT-9 "Extension of Time to File" for tax year 2012.

Note: Do not include on this line any estimated tax paid for tax year 2013.

Line 4 – Unified tax credit for the elderly

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

- You and/or your spouse must have been age 65 or older by Dec. 31, 2012,
- If married and living together at any time during the year, you must file a joint return,
- You must have been a resident of Indiana for six months or more during 2012,
- The amount on Indiana Schedule A, Section 3, line 37A must be less than $10,000, and
- You must not have been in prison for 180 days or more in 2012.

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

Important:

- If your spouse died after Jan. 1, 2012, you can claim this credit by filing a joint return.
- If a person dies and does not have a surviving spouse, then no one can claim the credit on behalf of the deceased person.

The deadline for claiming this credit is July 1, 2013. The only exception to this rule is if you have a valid federal extension of time to file, Form 4868. Having a valid federal extension will allow you to claim this credit through Nov. 15, 2013. See *When should you file?* on page 7 for information about getting an extension of time to file.

Instructions continue on page 34.

To figure your unified tax credit for the elderly:

Use Table A if:

You meet all the requirements listed above, and:

- You are filing a joint return, lived with your spouse during 2012, both were Indiana residents for at least six months and both of you were age 65 or older by Dec. 31, 2012, or
- Both you and your spouse met all the requirements, and your spouse died after Jan. 1, 2012.

Table A
Joint Filers Both Age 65 or Older

If the income on Line 37A of Indiana Schedule A, Section 3 is:	**Your Allowable Credit* is:**
less than $1,000	$140
between $1,000 and $2,999	$90
between $3,000 and $9,999	$80

Use Table B if:

You meet all the requirements listed above, and:

- You are age 65 or older and are single or widowed,
- You are filing a joint return and only one of you is age 65 or older,
- You are filing a joint return and only one was an Indiana resident for at least six months, or you are married but did not live with your spouse during 2012, are age 65 or older and are married filing separately.

Table B
Only One Person Age 65 or Older

If the income on Line 37A of Indiana Schedule A, Section 3 is:	**Your Allowable Credit* is:**
less than $1,000	$100
between $1,000 and $2,999	$50
between $3,000 and $9,999	$40

*Once you have located your credit on Table A or Table B, enter that amount on line 4.

Line 5 Indiana's earned income credit (EIC)

If you are eligible for an earned income credit on your federal tax return, you may be eligible for Indiana's earned income credit, too. Here are some important things to know:

- You must be eligible for and have claimed an EIC on your federal tax return. If not, **STOP**. You are not eligible to claim Indiana's EIC.
- Your income on Form IT-40, line 1 (or Indiana's Schedule A, line 37A), must be less than $41,950. If it is the same amount or more, **STOP**. You are not eligible to claim Indiana's EIC.
- Schedule IN-EIC must be completed and enclosed by all filers claiming the EIC.
- No longer may this credit be claimed on Form IT-40EZ.

Indiana's Publication EIC is available for additional information. It may be viewed online at www.in.gov/dor/4657.htm.

What is the EIC?
The EIC is a credit for certain people who work. The credit may give you a refund even if you don't owe any tax.

To figure your Indiana earned income credit:

- Follow the steps below.
- Complete the Worksheet(s) that apply to you.
- Complete and enclose Schedule IN-EIC.
- Enter on Schedule F, line 5,
- Box A, your Indiana Earned Income Credit from Schedule IN-EIC, line A-3;
- Box B, the number from Schedule A, Proration Section, line 21D; then
- Multiply the amount in Box A by the number in Box B. Enter the total on line 5.

Step 1 All Filers

1. Did you claim an EIC on your 2012 federal tax return (on federal Form 1040, line 64a; Form 1040A, line 38a; or on Form 1040EZ, line 8a)?

Yes. *Continue*
No. STOP. You cannot take the credit.

2. If, in 2012:
   - 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $41,950?
   - 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $36,900?
   - No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $13,900?

Yes. *Continue*
No. STOP. You cannot take the credit.

Step 2 Investment Income

1. Add amounts from:

Federal Form 1040 or Form 1040A, Line 8a	+__________
Federal Form 1040 or Form 1040A, Line 8b	+__________
Federal Form 1040 or Form 1040A, Line 9a	+__________
Federal Form 1040A, Line 10	+__________
Federal Form 1040, Line 13*	+__________
Investment Income	=__________

*If line 13 is a loss, enter -0-.

2. Is your investment income more than $3,200?

Yes. Continue
No. Skip question 3; go to question 4.

3. Did you file federal Form 4797 (relating to sales of business property)?

No. STOP. You cannot take the credit.

Yes. If the amount on federal Form 1040, line 13, includes an amount from federal Form 4797, you must use Worksheet 1 in Indiana's Publication EIC to see if you can take the EIC. Otherwise, **STOP;** you cannot take the EIC.

4. Do any of the following apply for 2012?
   - You filed federal Schedule E.
   - You are claiming a loss on federal Form 1040 line, 12, 13 and/ or 18.
   - You are reporting income or a loss from the rental of personal property not used in a trade or business.
   - You and/or spouse if married filing jointly received a distribution from a pension, annuity, IRA or Coverdell ESA that is not fully taxable.
   - You reported income on federal Form 1040, line 21, from federal Form 8814 (relating to election to report child's interest and dividends).

Yes. You must use Worksheet 3 in Indiana's Publication EIC to see if you can take the credit.

No. Go to Step 3.

Step 3 Qualifying Child

Did a child live with you in 2012?
No. Go to Step 4.
Yes. *Continue.*

A qualifying child is a child who is your…

Son
Daughter
Grandchild
Stepchild
Foster child and/or related child (see page 37)

AND, was…

Under age 19 at the end of 2012 and younger than you (or your spouse, if filing jointly), or
Under age 24 at the end of 2012, a student (see page 37), and younger than you (or your spouse, if filing jointly), or
Any age and permanently and totally disabled (see page 37),

AND, who…

Is not filing a joint return for 2012, or is filing a joint return for 2012 only as a claim for refund,

AND, who…

Lived with you in the United States for more than half of 2012 or, if a foster child, for all of 2012. If the child did not live with you for the required time, see *Exception to "time lived with you"* on page 36.

Caution. If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2012, or the child was married, see page 37.

1. Do you have at least one child who meets the conditions to be your qualifying child?

Yes. The child must have a valid Social Security number (SSN) unless the child was born and died in 2012. If at least one qualifying child has a valid SSN (or was born and died in 2012), go to Step 5.

No. *Continue to Step 4.*

****Exception.*** If your qualified dependent child was born and died in 2012 and you do not have an SSN for the child, you may be able to claim the child for earned income credit purposes (see page 37).

Step 4 Filers Without a Qualifying Child

If you have no qualifying child (see Step 3) but you claimed an EIC on your federal tax return (federal Form 1040, line 64a; Form 1040A, line 38a; or on Form 1040EZ, line 8a), then you may be eligible to claim Indiana's EIC. Continue to Step 5.

Step 5 Modified Adjusted Gross Income (MAGI)

1. Add amounts from:

Federal Form 1040 or Form 1040A, Line 8b	+_________
Federal Form 1040EZ, amount entered in the space to the left of line 2 designated as "TEI"	+_________
Federal Form 1040, line 37; Form 1040A, Line 21; 1040EZ, line 4	+_________
Modified Adjusted Gross Income* =	**Box A**

***Note.** If you completed Worksheet 3 from Publication EIC, enter in Box A the amount from Worksheet 3, line 17.

2. If you have:
   - 2 or more qualifying children, is Box A less than $41,950?
   - 1 qualifying child, is Box A less than $36, 900?
   - No qualifying children, is Box A less than $13,900?

Yes. Go to Step 6.
No. STOP. You cannot take the credit.

Step 6 Earned Income

1. Did you file federal Schedule SE because you are a member of the clergy or you had church employee income of $108.28 or more?

Yes. See *Clergy or Church employees*, whichever applies, on this page.
No. *Continue*

2. Figure earned income:
   A. Enter amount from federal Form 1040 or 1040A, line 7, or Form 1040EZ, line 1 ____________

Subtract, if included on line A above, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received for work performed while an inmate in a penal institution.
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan. This amount may be shown in box 11 of form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity. - ____________

Add all of your nontaxable combat pay if you elect to include it in earned income.* + ____________

*__Caution.__ Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

Earned Income = | **Box B** | |

3. Were you self-employed at any time in 2012, or did you file federal Schedule SE because you were a member of the clergy or you had church employee income, or did you file federal Schedule C or C-EZ as a statutory employee?

Yes. Skip question 4 and Step 7; go to **Worksheet B** on page 39.
No. *Continue.*

4. If you have:
   - 2 or more qualifying children, is your total earned income (Box B) less than $40,950?
   - 1 qualifying child, is your total earned income (Box B) less than $36,050?
   - No qualifying children, is your total earned income (Box B) less than $13,550?

Yes. Go to Step 7.
No. STOP. You cannot take the credit.

Step 7 How to Figure the Credit

Go to **Worksheet A** on page 38.

Definitions and Special Rules (listed in alphabetical order)

Adopted child. An adopted child is always treated as your own child. The term "adopted child" includes a child who was lawfully placed with you for legal adoption, even if the adoption is not final.

Church employees. A church employee means an employee (other than a minister or member of a religious order) of a church or qualified church-controlled organization that is exempt from employer Social Security and Medicare taxes. Determine how much of the amount on federal Form 1040, line 7, was also reported on federal Schedule SE, Section B, line 5a. Subtract that amount from the amount on federal Form 1040, line 7, and enter the result in the first space of Step 6, line 2. Be sure to answer "Yes" to question 1 in Step 6.

Claim for refund. A claim for refund is a federal return filed only to get a refund of withheld income tax or estimated tax paid. A federal return is not a claim for refund if the EIC or any other similar refundable credit is claimed on it.

Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing federal Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on federal Form 1040, line 7;

1. Determine how much of the amount on federal Form 1040, line 7, was also reported on federal Schedule SE, Section A, line 2, or Section B, Line 2.
2. Subtract that amount from the amount on federal Form 1040, line 7. Enter the result in the first space of Step 6, line 2.
3. Be sure to answer "yes" to question 1 in Step 6.

Combat pay, nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income.

- If you included your combat pay when figuring your federal EIC, then enter the same amount in Step 6, line 2.
- If you did not include it when figuring your federal EIC, then do not enter any amount in Step 6, line 2.

Exception to "time lived with you" condition. A child is considered to have lived with you for all of 2012 if the child was born or died in 2012 and your home was this child's home for the entire time he or she was alive in 2012. Temporary absences, such as for school, vacation, medical care, or detention in a juvenile facility, count as time lived at home. If your child is presumed to have been kidnapped by someone who is not a family member, see Indiana's Pub. EIC to find out if that child is a qualifying child for the EIC. If you were in the military stationed outside the United States, see *Members of the military* on page 37.

Federal Form 4797 filers. If the amount on Form 1040, line 13, includes an amount from federal Form 4797, you must use Worksheet 1 in Indiana's Pub. EIC to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

Foster child.

- Any child you cared for as your own child and who is (a) your brother, sister, stepbrother, or stepsister; (b) a descendant (such as a child, including an adopted child) of your brother, sister, stepbrother, or stepsister; or (c) a child placed with you by an authorized placement agency. For example, if you acted as the parent of your niece or nephew, this child is considered your foster child.
- The qualifying foster child must live with you for the entire year (except for temporary absences).

Grandchild. For the EIC, this means any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grand child, etc.

Married child. A child who was married at the end of 2012 is a qualifying child only if (a) you can claim him or her as your dependent on federal Form 1040 or 1040A, line 6c, or (b) you could have claimed him or her as your dependent except for the special rule for *Children of divorced or parents who lived apart*. Get Indiana's Pub. EIC for more information about this special rule.

Members of the military. U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period for purposes of the EIC. Extended active duty is military duty ordered for an indefinite period or a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you do not serve more than 90 days.

Permanently and totally disabled. A person is permanently and totally disabled if, at any time during 2012, the person could not engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can be expected to lead to death.

Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only the person who had the **highest** modified adjusted gross income (MAGI) for 2012 may treat that child as a qualifying child. The other person(s) cannot take the EIC for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule does not apply. If you have the highest MAGI, this child is your qualifying child. The child must have a Social Security number unless the child was born and died in 2012. Skip Step 4; go to Step 5 on page 35. If you do not have the highest MAGI, **STOP**; you cannot take the EIC. See Step 5 to figure your modified adjusted gross income.

Example. You and your 8-year-old daughter moved in with your mother in 2009. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your MAGI for 2012 was $8,000 and your mother's was $14,000. Because your mother's MAGI was higher, your daughter is your mother's qualifying child for EIC purposes. You **cannot** figure an EIC using your child as a qualifying child, even if your mother does not claim the credit.

Social Security Number. Your child must have a valid Social Security number (SSN) unless the child was born and died in 2012. If your dependent child was born and died in 2012 and you do not have an SSN for the child, you will be able to claim the child for purposes of claiming Indiana's earned income credit as long as all the other requirements have been met. For more information, see the instructions on Schedule IN-EIC.

Student. A student is a child who, during any 5 months of 2012, was enrolled as a full-time student at a school that has a regular teaching staff, course of study, and regular student body at the school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school does not include a technical, trade or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Temporary absences. Count time that you or your child is away from home on a temporary absence due to a special circumstance as time the child lived with you. Examples of a special circumstance include illness, school attendance, business, vacation, military service, and detention in a juvenile facility.

Worksheet A – Indiana's Earned Income Credit (EIC)

Keep for your records

Before you begin: Be sure you are using the correct worksheet. Only use this worksheet if you answered "No" to Step 6, question 3. Instead, use the Worksheet B that follows this one.

Part 1: All filers using Worksheet A

1. Enter your earned income from Step 6, Box B. 1 ____________
2. Look up the amount on line 1 above in the *Indiana Earned Income Credit Table* (right after Worksheet B) to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here. 2 ____________

   If line 2 is zero, **STOP**. You cannot claim the credit.

3. Enter your modified adjusted gross income from Step 5, Box A 3 ____________
4. Are the amounts on lines 3 and 1 the same?
   Yes. Skip line 5; enter the amount from line 2 on line 6.
   No. Go to line 5.

Part 2: Filers who answered "No" on line 4

5. If you have:
   - No qualifying children, is the amount on line 3 less than $7,600?
   - 1 or more qualifying children, is the amount on line 3 less than $16,700?

   Yes. Leave line 5 blank; enter the amount from line 2 on line 6.

   No. Look up the amount on line 3 in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim.
   Enter the credit here. 5 ____________

   Look at the amounts on line 5 and 2. Then, enter the **smaller** amount on line 6.

Part 3: Your Indiana earned income credit

6. This is the amount from Part 1 or Part 2 above. 6 ____________
7. If you have an alternative minimum tax on either your federal Form 1040, line 45, or included in the total on federal Form 1040A, line 28, then multiply that amount by 9 percent (.09) and enter the result here. 7 ____________
8. Subtract line 7 from line 6 (if zero or less, **STOP**. You cannot take a credit). Enter this amount here. 8 ____________
9. Enter the earned income credit claimed on your federal income tax return (Form 1040, line 64a; Form IT-40A, line 38a; or Form 1040EZ, line 8a) 9 ____________
10. Multiply line 9 by .09 (9%). Enter result here. 10 ____________
11. Look at the amount on line 8 and on line 10. Then, enter the **smaller** amount here and on Schedule IN-EIC, line A-3. **Indiana Earned Income Credit** 11 ____________

Final Step – You <u>must</u> complete Schedule IN-EIC and enclose it with your filing.

Worksheet B – Indiana's Earned Income Credit (EIC)

Keep for your records

Use this worksheet if you answered "Yes" to Step 6, question 3.

- Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
- If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1: Self-employed, members of the clergy, and people with church employee income filing federal Schedule SE.

1a. Enter the amount from federal Schedule SE, Section A, line 3, or Section B, line 3, whichever applies		1a	______
b. Enter any amount from federal Schedule SE, Section B, line 4b, and line 5a.	+	1b	______
c. Add lines 1a and 1b	=	1c	______
d. Enter the amount from federal Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	-	1d	______
e. Subtract line 1d from 1c	=	1e	______

Part 2: Self-employed NOT required to file federal Schedule SE

For example, your net earnings from self-employment were less than $400.

2. Do not include on these lines any statutory employee income, any net profit from services performed as a notary public, any amount exempt from self-employment tax as the result of filing and approval of federal Form 4029 or Form 4361, or any other amounts exempt from self-employment tax.

a. Enter any net farm income or (loss) from federal Schedule F, line 34, and from farm partnerships, Schedule K-1 (federal Form 1065), box 14, code A.		2a	______
b. Enter any net profit or (loss) from federal Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (federal Form 1065), box 9, code J1.	+	2b	______
c. Add lines 2a and 2b.	=	2c	______

Part 3: Statutory employees filing federal Schedule C or C-EZ

1. Enter the amount from federal Schedule C or Schedule C-EZ, line 1c, that you are filing as a statutory employee.		3	______

Part 4: All filers using Worksheet B

4a. Enter your earned income from Step 6, Box B.		4a	______
b. Add lines 1e, 2c, 3 and 4a. **This is your total earned income.**		4b	______

If line 4b is zero or less, **STOP**. You cannot take the credit.

5. If you have:
   - 2 or more qualifying children, is line 4b less than $41,950?
   - 1 qualifying child, is line 4b less than $36,900?
   - No qualifying children, is line 4b less than $13,950?

Yes. Enter the amount from line 4b on line 6 of this worksheet.

No. STOP. You cannot take the credit.

Part 5: All filers using Worksheet B

6. Enter your total earned income from Part 4, line 4b. 6 ______________
7. Look up the amount on line 6 above in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here. 7 ______________

   If line 7 is zero, **STOP**. You cannot take the credit.

8. Enter your modified adjusted gross income from Step 5, Box A. (If you filled out Worksheet 3, enter the amount from line 17.) 8 ______________
9. Are the amounts on lines 8 and 6 the same?

Yes. Skip line 10; enter the amount from line 7 on line 11.

No. Go to line 10.

Part 6: Filers who answered "No" on line 9

10. If you have:
    - No qualifying children, is the amount on line 8 less than $7,800?
    - 1 or more qualifying children, is the amount on line 8 less than $17,100?

Yes. Leave line 10 blank; enter the amount from line 7 on line 11.

No. Look up the amount on line 8 in the *Indiana Earned Income Credit Table* to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here. 10 ______________

Look at the amounts on lines 10 and 7. Then, enter the smaller amount on line 11.

Part 7: Your Indiana earned income credit.

11. This is the amount from Part 5 or Part 6 above. 11 ______________
12. If you have an alternative minimum tax on either your federal Form 1040, line 45, or included in the total on federal Form 1040A, line 28, then multiply that amount by 9 percent (.09) and enter the result here. 12 ______________
13. Subtract line 12 from line 11 (if zero or less, **STOP**. You cannot take a credit). Enter this amount here. 13 ______________
14. Enter the earned income credit claimed on your federal income tax return (Form 1040, line 64a; Form IT-40A, line 38a; or Form 1040EZ, line 8a) 14 ______________
15. Multiply line 14 by .09 (9%). Enter result here. 15 ______________
16. Look at the amount on line 13 and on line 15. Then, enter the smaller amount here and on Schedule IN-EIC, line A-3. **Indiana Earned Income Credit** 16 ______________

Final Step – You must complete Schedule IN-EIC and enclose it with your tax return when you file.

2012 Indiana Earned Income Credit (EIC) Table

If the amount you are looking up from the worksheet is –		And you have –		
		No children	One child	Two children
At least	But less than	Your credit is –		
2,400	2,450	17	74	87
2,450	2,500	17	76	89

1. To find your credit, read down the "At least-But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.

2. Then, read across to the column that includes the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

Example. If you have one qualifying child and the amount you are looking up from your EIC Worksheet is $2,455, you would enter $76.

If the amount you are looking up from the worksheet is –		And you have –		
		No children	One child	Two children
At least	But less than	Your credit is –		
0	**50**	0	1	1
50	**100**	1	2	3
100	**150**	1	4	5
150	**200**	1	5	6
200	**250**	2	7	8
250	**300**	2	8	10
300	**350**	2	10	12
350	**400**	3	11	14
400	**450**	3	13	15
450	**500**	3	15	17
500	**550**	4	16	19
550	**600**	4	18	21
600	**650**	4	19	23
650	**700**	5	21	24
700	**750**	5	22	26
750	**800**	5	24	28
800	**850**	6	25	30
850	**900**	6	27	32
900	**950**	6	28	33
950	**1000**	7	30	35
1000	**1050**	7	31	37
1050	**1100**	7	33	39
1100	**1150**	8	34	41
1150	**1200**	8	36	42
1200	**1250**	8	37	44
1250	**1300**	9	39	46
1300	**1350**	9	41	48
1350	**1400**	9	42	50
1400	**1450**	10	44	51
1450	**1500**	10	45	53
1500	**1550**	10	47	55
1550	**1600**	11	48	57
1600	**1650**	11	50	59
1650	**1700**	12	51	60
1700	**1750**	12	53	62
1750	**1800**	12	54	64
1800	**1850**	13	56	66
1850	**1900**	13	57	68
1900	**1950**	13	59	69
1950	**2000**	14	60	71

If the amount you are looking up from the worksheet is –		And you have –		
		No children	One child	Two children
At least	But less than	Your credit is –		
2000	**2050**	14	62	73
2050	**2100**	14	63	75
2100	**2150**	15	65	77
2150	**2200**	15	67	78
2200	**2250**	15	68	80
2250	**2300**	16	70	82
2300	**2350**	16	71	84
2350	**2400**	16	73	86
2400	**2450**	17	74	87
2450	**2500**	17	76	89
2500	**2550**	17	77	91
2550	**2600**	18	79	93
2600	**2650**	18	80	95
2650	**2700**	18	82	96
2700	**2750**	19	83	98
2750	**2800**	19	85	100
2800	**2850**	19	86	102
2850	**2900**	20	88	104
2900	**2950**	20	90	105
2950	**3000**	20	91	107
3000	**3050**	21	93	109
3050	**3100**	21	94	111
3100	**3150**	22	96	113
3150	**3200**	22	97	114
3200	**3250**	22	99	116
3250	**3300**	23	100	118
3300	**3350**	23	102	120
3350	**3400**	23	103	122
3400	**3450**	24	105	123
3450	**3500**	24	106	125
3500	**3550**	24	108	127
3550	**3600**	25	109	129
3600	**3650**	25	111	131
3650	**3700**	25	112	132
3700	**3750**	26	114	134
3750	**3800**	26	116	136
3800	**3850**	26	117	138
3850	**3900**	27	119	140
3900	**3950**	27	120	141
3950	**4000**	27	122	143

If the amount you are looking up from the worksheet is –		And you have –		
		No children	One child	Two children
At least	But less than	Your credit is –		
4000	**4050**	28	123	145
4050	**4100**	28	125	147
4100	**4150**	28	126	149
4150	**4200**	29	128	150
4200	**4250**	29	129	152
4250	**4300**	29	131	154
4300	**4350**	30	132	156
4350	**4400**	30	134	158
4400	**4450**	30	135	159
4450	**4500**	31	137	161
4500	**4550**	31	138	163
4550	**4600**	31	140	165
4600	**4650**	32	142	167
4650	**4700**	32	143	168
4700	**4750**	33	145	170
4750	**4800**	33	146	172
4800	**4850**	33	148	174
4850	**4900**	34	149	176
4900	**4950**	34	151	177
4950	**5000**	34	152	179
5000	**5050**	35	154	181
5050	**5100**	35	155	183
5100	**5150**	35	157	185
5150	**5200**	36	158	186
5200	**5250**	36	160	188
5250	**5300**	36	161	190
5300	**5350**	37	163	192
5350	**5400**	37	164	194
5400	**5450**	37	166	195
5450	**5500**	38	168	197
5500	**5550**	38	169	199
5550	**5600**	38	171	201
5600	**5650**	39	172	203
5650	**5700**	39	174	204
5700	**5750**	39	175	206
5750	**5800**	40	177	208
5800	**5850**	40	178	210
5850	**5900**	40	180	212
5900	**5950**	41	181	213
5950	**6000**	41	183	215

If the amount you are looking up from the worksheet is –		And you have –		
		No children	One child	Two children
At least	But less than	Your credit is –		
6000	**6050**	41	184	217
6050	**6100**	42	186	219
6100	**6150**	42	187	221
6150	**6200**	**43**	189	222
6200	**6250**	**43**	190	224
6250	**6300**	**43**	192	226
6300	**6350**	**43**	194	228
6350	**6400**	**43**	195	230
6400	**6450**	**43**	197	231
6450	**6500**	**43**	198	233
6500	**6550**	**43**	200	235
6550	**6600**	**43**	201	237
6600	**6650**	**43**	203	239
6650	**6700**	**43**	204	240
6700	**6750**	**43**	206	242
6750	**6800**	**43**	207	244
6800	**6850**	**43**	209	246
6850	**6900**	**43**	210	248
6900	**6950**	**43**	212	249
6950	**7000**	**43**	213	251
7000	**7050**	**43**	215	253
7050	**7100**	**43**	216	255
7100	**7150**	**43**	218	257
7150	**7200**	**43**	220	258
7200	**7250**	**43**	221	260
7250	**7300**	**43**	223	262
7300	**7350**	**43**	224	264
7350	**7400**	**43**	226	266
7400	**7450**	**43**	227	267
7450	**7500**	**43**	229	269
7500	**7550**	**43**	230	271
7550	**7600**	**43**	232	273
7600	**7650**	**43**	233	275
7650	**7700**	**43**	235	276
7700	**7750**	**43**	236	278
7750	**7800**	**43**	238	280
7800	**7850**	42	239	282
7850	**7900**	42	241	284
7900	**7950**	42	243	285
7950	**8000**	41	244	287

2012 Indiana Earned Income Credit (EIC) Table *— Continued*

If the amount you are looking up from the worksheet is – At least	But less than	And you have – No children – Your credit is –	One child	Two children
8000	8050	41	246	289
8050	8100	41	247	291
8100	8150	40	249	293
8150	8200	40	250	294
8200	8250	40	252	296
8250	8300	39	253	298
8300	8350	39	255	300
8350	8400	39	256	302
8400	8450	38	258	303
8450	8500	38	259	305
8500	8550	38	261	307
8550	8600	37	262	309
8600	8650	37	264	311
8650	8700	37	265	312
8700	8750	36	267	314
8750	8800	36	269	316
8800	8850	35	270	318
8850	8900	35	272	320
8900	8950	35	273	321
8950	9000	34	275	323
9000	9050	34	276	325
9050	9100	34	278	327
9100	9150	33	279	329
9150	9200	33	281	330
9200	9250	33	282	332
9250	9300	32	284	334
9300	9350	32	285	336
9350	9400	32	285	338
9400	9450	31	285	339
9450	9500	31	285	341
9500	9550	31	285	343
9550	9600	30	285	345
9600	9650	30	285	347
9650	9700	30	285	348
9700	9750	29	285	350
9750	9800	29	285	352
9800	9850	29	285	354
9850	9900	28	285	356
9900	9950	28	285	357
9950	10000	28	285	359
10000	10050	27	285	361
10050	10100	27	285	363
10100	10150	27	285	365
10150	10200	26	285	366
10200	10250	26	285	368
10250	10300	26	285	370
10300	10350	25	285	372
10350	10400	25	285	374
10400	10450	24	285	375
10450	10500	24	285	377
10500	10550	24	285	379
10550	10600	23	285	381
10600	10650	23	285	383
10650	10700	23	285	384
10700	10750	22	285	386
10750	10800	22	285	388
10800	10850	22	285	390
10850	10900	21	285	392
10900	10950	21	285	393
10950	11000	21	285	395
11000	11050	20	285	397
11050	11100	20	285	399
11100	11150	20	285	401
11150	11200	19	285	402
11200	11250	19	285	404
11250	11300	19	285	406
11300	11350	18	285	408
11350	11400	18	285	410
11400	11450	18	285	411
11450	11500	17	285	413
11500	11550	17	285	415
11550	11600	17	285	417
11600	11650	16	285	419
11650	11700	16	285	420
11700	11750	16	285	422
11750	11800	15	285	424
11800	11850	15	285	426
11850	11900	14	285	428
11900	11950	14	285	429
11950	12000	14	285	431
12000	12050	13	285	433
12050	12100	13	285	435
12100	12150	13	285	437
12150	12200	12	285	438
12200	12250	12	285	440
12250	12300	12	285	442
12300	12350	11	285	444
12350	12400	11	285	446
12400	12450	11	285	447
12450	12500	10	285	449
12500	12550	10	285	451
12550	12600	10	285	453
12600	12650	9	285	455
12650	12700	9	285	456
12700	12750	9	285	458
12750	12800	8	285	460
12800	12850	8	285	462
12850	12900	8	285	464
12900	12950	7	285	465
12950	13000	7	285	467
13000	13050	7	285	469
13050	13100	6	285	471
13100	13150	6	285	471
13150	13200	6	285	471
13200	13250	5	285	471
13250	13300	5	285	471
13300	13350	5	285	471
13350	13400	4	285	471
13400	13450	4	285	471
13450	13500	3	285	471
13500	13550	3	285	471
13550	13600	3	285	471
13600	13650	2	285	471
13650	13700	2	285	471
13700	13750	2	285	471
13750	13800	1	285	471
13800	13850	1	285	471
13850	13900	1	285	471
13900	13950	0	285	471
13950	14000	0	285	471
14000	14050	0	285	471
14050	14100	0	285	471
14100	14150	0	285	471
14150	14200	0	285	471
14200	14250	0	285	471
14250	14300	0	285	471
14300	14350	0	285	471
14350	14400	0	285	471
14400	14450	0	285	471
14450	14500	0	285	471
14500	14550	0	285	471
14550	14600	0	285	471
14600	14650	0	285	471
14650	14700	0	285	471
14700	14750	0	285	471
14750	14800	0	285	471
14800	14850	0	285	471
14850	14900	0	285	471
14900	14950	0	285	471
14950	15000	0	285	471
15000	15050	0	285	471
15050	15100	0	285	471
15100	15150	0	285	471
15150	15200	0	285	471
15200	15250	0	285	471
15250	15300	0	285	471
15300	15350	0	285	471
15350	15400	0	285	471
15400	15450	0	285	471
15450	15500	0	285	471
15500	15550	0	285	471
15550	15600	0	285	471
15600	15650	0	285	471
15650	15700	0	285	471
15700	15750	0	285	471
15750	15800	0	285	471
15800	15850	0	285	471
15850	15900	0	285	471
15900	15950	0	285	471
15950	16000	0	285	471
16000	16050	0	285	471
16050	16100	0	285	471
16100	16150	0	285	471
16150	16200	0	285	471
16200	16250	0	285	471
16250	16300	0	285	471
16300	16350	0	285	471
16350	16400	0	285	471
16400	16450	0	285	471
16450	16500	0	285	471
16500	16550	0	285	471
16550	16600	0	285	471
16600	16650	0	285	471
16650	16700	0	285	471
16700	16750	0	285	471
16750	16800	0	285	471
16800	16850	0	285	471
16850	16900	0	285	471
16900	16950	0	285	471
16950	17000	0	285	471
17000	17050	0	285	471
17050	17100	0	285	471
17100	17150	0	285	471
17150	17200	0	284	470
17200	17250	0	283	469
17250	17300	0	283	468
17300	17350	0	282	467
17350	17400	0	281	466
17400	17450	0	280	465
17450	17500	0	280	464
17500	17550	0	279	463
17550	17600	0	278	462

2012 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
17600	17650	0	278	461
17650	17700	0	277	460
17700	17750	0	276	459
17750	17800	0	275	458
17800	17850	0	275	457
17850	17900	0	274	456
17900	17950	0	273	455
17950	18000	0	272	454
18000	18050	0	272	454
18050	18100	0	271	453
18100	18150	0	270	452
18150	18200	0	270	451
18200	18250	0	269	450
18250	18300	0	268	449
18300	18350	0	267	448
18350	18400	0	267	447
18400	18450	0	266	446
18450	18500	0	265	445
18500	18550	0	265	444
18550	18600	0	264	443
18600	18650	0	263	442
18650	18700	0	262	441
18700	18750	0	262	440
18750	18800	0	261	439
18800	18850	0	260	438
18850	18900	0	260	437
18900	18950	0	259	436
18950	19000	0	258	436
19000	19050	0	257	435
19050	19100	0	257	434
19100	19150	0	256	433
19150	19200	0	255	432
19200	19250	0	255	431
19250	19300	0	254	430
19300	19350	0	253	429
19350	19400	0	252	428
19400	19450	0	252	427
19450	19500	0	251	426
19500	19550	0	250	425
19550	19600	0	249	424
19600	19650	0	249	423
19650	19700	0	248	422
19700	19750	0	247	421
19750	19800	0	247	420
19800	19850	0	246	419
19850	19900	0	245	418
19900	19950	0	244	418
19950	20000	0	244	417
20000	20050	0	243	416
20050	20100	0	242	415
20100	20150	0	242	414
20150	20200	0	241	413
20200	20250	0	240	412
20250	20300	0	239	411
20300	20350	0	239	410
20350	20400	0	238	409
20400	20450	0	237	408
20450	20500	0	237	407
20500	20550	0	236	406
20550	20600	0	235	405
20600	20650	0	234	404
20650	20700	0	234	403
20700	20750	0	233	402
20750	20800	0	232	401
20800	20850	0	231	400
20850	20900	0	231	399
20900	20950	0	230	399
20950	21000	0	229	398
21000	21050	0	229	397
21050	21100	0	228	396
21100	21150	0	227	395
21150	21200	0	226	394
21200	21250	0	226	393
21250	21300	0	225	392
21300	21350	0	224	391
21350	21400	0	224	390
21400	21450	0	223	389
21450	21500	0	222	388
21500	21550	0	221	387
21550	21600	0	221	386
21600	21650	0	220	385
21650	21700	0	219	384
21700	21750	0	219	383
21750	21800	0	218	382
21800	21850	0	217	381
21850	21900	0	216	381
21900	21950	0	216	380
21950	22000	0	215	379
22000	22050	0	214	378
22050	22100	0	214	377
22100	22150	0	213	376
22150	22200	0	212	375
22200	22250	0	211	374
22250	22300	0	211	373
22300	22350	0	210	372
22350	22400	0	209	371
22400	22450	0	208	370
22450	22500	0	208	369
22500	22550	0	207	368
22550	22600	0	206	367
22600	22650	0	206	366
22650	22700	0	205	365
22700	22750	0	204	364
22750	22800	0	203	363
22800	22850	0	203	363
22850	22900	0	202	362
22900	22950	0	201	361
22950	23000	0	201	360
23000	23050	0	200	359
23050	23100	0	199	358
23100	23150	0	198	357
23150	23200	0	198	356
23200	23250	0	197	355
23250	23300	0	196	354
23300	23350	0	196	353
23350	23400	0	195	352
23400	23450	0	194	351
23450	23500	0	193	350
23500	23550	0	193	349
23550	23600	0	192	348
23600	23650	0	191	347
23650	23700	0	191	346
23700	23750	0	190	345
23750	23800	0	189	345
23800	23850	0	188	344
23850	23900	0	188	343
23900	23950	0	187	342
23950	24000	0	186	341
24000	24050	0	185	340
24050	24100	0	185	339
24100	24150	0	184	338
24150	24200	0	183	337
24200	24250	0	183	336
24250	24300	0	182	335
24300	24350	0	181	334
24350	24400	0	180	333
24400	24450	0	180	332
24450	24500	0	179	331
24500	24550	0	178	330
24550	24600	0	178	329
24600	24650	0	177	328
24650	24700	0	176	327
24700	24750	0	175	327
24750	24800	0	175	326
24800	24850	0	174	325
24850	24900	0	173	324
24900	24950	0	173	323
24950	25000	0	172	322
25000	25050	0	171	321
25050	25100	0	170	320
25100	25150	0	170	319
25150	25200	0	169	318
25200	25250	0	168	317
25250	25300	0	167	316
25300	25350	0	167	315
25350	25400	0	166	314
25400	25450	0	165	313
25450	25500	0	165	312
25500	25550	0	164	311
25550	25600	0	163	310
25600	25650	0	162	309
25650	25700	0	162	309
25700	25750	0	161	308
25750	25800	0	160	307
25800	25850	0	160	306
25850	25900	0	159	305
25900	25950	0	158	304
25950	26000	0	157	303
26000	26050	0	157	302
26050	26100	0	156	301
26100	26150	0	155	300
26150	26200	0	155	299
26200	26250	0	154	298
26250	26300	0	153	297
26300	26350	0	152	296
26350	26400	0	152	295
26400	26450	0	151	294
26450	26500	0	150	293
26500	26550	0	150	292
26550	26600	0	149	291
26600	26650	0	148	291
26650	26700	0	147	290
26700	26750	0	147	289
26750	26800	0	146	288
26800	26850	0	145	287
26850	26900	0	144	286
26900	26950	0	144	285
26950	27000	0	143	284
27000	27050	0	142	283
27050	27100	0	142	282
27100	27150	0	141	281
27150	27200	0	140	280

2012 Indiana Earned Income Credit (EIC) Table – *Continued*

If the amount you are looking up from the worksheet is –		And you have –		
At least	But less than	No children	One child	Two children
		Your credit is –		
27200	27250	0	139	279
27250	27300	0	139	278
27300	27350	0	138	277
27350	27400	0	137	276
27400	27450	0	137	275
27450	27500	0	136	274
27500	27550	0	135	273
27550	27600	0	134	273
27600	27650	0	134	272
27650	27700	0	133	271
27700	27750	0	132	270
27750	27800	0	132	269
27800	27850	0	131	268
27850	27900	0	130	267
27900	27950	0	129	266
27950	28000	0	129	265
28000	28050	0	128	264
28050	28100	0	127	263
28100	28150	0	127	262
28150	28200	0	126	261
28200	28250	0	125	260
28250	28300	0	124	259
28300	28350	0	124	258
28350	28400	0	123	257
28400	28450	0	122	256
28450	28500	0	121	255
28500	28550	0	121	255
28550	28600	0	120	254
28600	28650	0	119	253
28650	28700	0	119	252
28700	28750	0	118	251
28750	28800	0	117	250
28800	28850	0	116	249
28850	28900	0	116	248
28900	28950	0	115	247
28950	29000	0	114	246
29000	29050	0	114	245
29050	29100	0	113	244
29100	29150	0	112	243
29150	29200	0	111	242
29200	29250	0	111	241
29250	29300	0	110	240
29300	29350	0	109	239
29350	29400	0	109	238
29400	29450	0	108	237
29450	29500	0	107	236
29500	29550	0	106	236
29550	29600	0	106	235
29600	29650	0	105	234
29650	29700	0	104	233
29700	29750	0	103	232
29750	29800	0	103	231
29800	29850	0	102	230
29850	29900	0	101	229
29900	29950	0	101	228
29950	30000	0	100	227
30000	30050	0	99	226
30050	30100	0	98	225
30100	30150	0	98	224
30150	30200	0	97	223
30200	30250	0	96	222
30250	30300	0	96	221
30300	30350	0	95	220
30350	30400	0	94	219
30400	30450	0	93	218
30450	30500	0	93	218
30500	30550	0	92	217
30550	30600	0	91	216
30600	30650	0	91	215
30650	30700	0	90	214
30700	30750	0	89	213
30750	30800	0	88	212
30800	30850	0	88	211
30850	30900	0	87	210
30900	30950	0	86	209
30950	31000	0	86	208
31000	31050	0	85	207
31050	31100	0	84	206
31100	31150	0	83	205
31150	31200	0	83	204
31200	31250	0	82	203
31250	31300	0	81	202
31300	31350	0	80	201
31350	31400	0	80	200
31400	31450	0	79	200
31450	31500	0	78	199
31500	31550	0	78	198
31550	31600	0	77	197
31600	31650	0	76	196
31650	31700	0	75	195
31700	31750	0	75	194
31750	31800	0	74	193
31800	31850	0	73	192
31850	31900	0	73	191
31900	31950	0	72	190
31950	32000	0	71	189
32000	32050	0	70	188
32050	32100	0	70	187
32100	32150	0	69	186
32150	32200	0	68	185
32200	32250	0	68	184
32250	32300	0	67	183
32300	32350	0	66	182
32350	32400	0	65	182
32400	32450	0	65	181
32450	32500	0	64	180
32500	32550	0	63	179
32550	32600	0	63	178
32600	32650	0	62	177
32650	32700	0	61	176
32700	32750	0	60	175
32750	32800	0	60	174
32800	32850	0	59	173
32850	32900	0	58	172
32900	32950	0	57	171
32950	33000	0	57	170
33000	33050	0	56	169
33050	33100	0	55	168
33100	33150	0	55	167
33150	33200	0	54	166
33200	33250	0	53	165
33250	33300	0	52	164
33300	33350	0	52	164
33350	33400	0	51	163
33400	33450	0	50	162
33450	33500	0	50	161
33500	33550	0	49	160
33550	33600	0	48	159
33600	33650	0	47	158
33650	33700	0	47	157
33700	33750	0	46	156
33750	33800	0	45	155
33800	33850	0	45	154
33850	33900	0	44	153
33900	33950	0	43	152
33950	34000	0	42	151
34000	34050	0	42	150
34050	34100	0	41	149
34100	34150	0	40	148
34150	34200	0	39	147
34200	34250	0	39	146
34250	34300	0	38	146
34300	34350	0	37	145
34350	34400	0	37	144
34400	34450	0	36	143
34450	34500	0	35	142
34500	34550	0	34	141
34550	34600	0	34	140
34600	34650	0	33	139
34650	34700	0	32	138
34700	34750	0	32	137
34750	34800	0	31	136
34800	34850	0	30	135
34850	34900	0	29	134
34900	34950	0	29	133
34950	35000	0	28	132
35000	35050	0	27	131
35050	35100	0	27	130
35100	35150	0	26	129
35150	35200	0	25	128
35200	35250	0	24	128
35250	35300	0	24	127
35300	35350	0	23	126
35350	35400	0	22	125
35400	35450	0	22	124
35450	35500	0	21	123
35500	35550	0	20	122
35550	35600	0	19	121
35600	35650	0	19	120
35650	35700	0	18	119
35700	35750	0	17	118
35750	35800	0	16	117
35800	35850	0	16	116
35850	35900	0	15	115
35900	35950	0	14	114
35950	36000	0	14	113
36000	36050	0	13	112
36050	36100	0	12	111
36100	36150	0	11	110
36150	36200	0	11	110
36200	36250	0	10	109
36250	36300	0	9	108
36300	36350	0	9	107
36350	36400	0	8	106
36400	36450	0	7	105
36450	36500	0	6	104
36500	36550	0	6	103
36550	36600	0	5	102
36600	36650	0	4	101
36650	36700	0	4	100
36700	36750	0	3	99
36750	36800	0	2	98

2012 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is –		And you have –		
At least	But less than	No children	One child	Two children
		Your credit is –		
36800	36850	0	1	97
36850	36900	0	1	96
36900	36950	0	0	95
36950	37000	0	0	94
37000	37050	0	0	93
37050	37100	0	0	92
37100	37150	0	0	91
37150	37200	0	0	91
37200	37250	0	0	90
37250	37300	0	0	89
37300	37350	0	0	88
37350	37400	0	0	87
37400	37450	0	0	86
37450	37500	0	0	85
37500	37550	0	0	84
37550	37600	0	0	83
37600	37650	0	0	82
37650	37700	0	0	81
37700	37750	0	0	80
37750	37800	0	0	79
37800	37850	0	0	78
37850	37900	0	0	77
37900	37950	0	0	76
37950	38000	0	0	75
38000	38050	0	0	74
38050	38100	0	0	73
38100	38150	0	0	73
38150	38200	0	0	72
38200	38250	0	0	71
38250	38300	0	0	70
38300	38350	0	0	69
38350	38400	0	0	68
38400	38450	0	0	67
38450	38500	0	0	66
38500	38550	0	0	65
38550	38600	0	0	64
38600	38650	0	0	63
38650	38700	0	0	62
38700	38750	0	0	61
38750	38800	0	0	60
38800	38850	0	0	59
38850	38900	0	0	58
38900	38950	0	0	57
38950	39000	0	0	56
39000	39050	0	0	55
39050	39100	0	0	55
39100	39150	0	0	54
39150	39200	0	0	53
39200	39250	0	0	52
39250	39300	0	0	51
39300	39350	0	0	50
39350	39400	0	0	49
39400	39450	0	0	48
39450	39500	0	0	47
39500	39550	0	0	46
39550	39600	0	0	45
39600	39650	0	0	44
39650	39700	0	0	43
39700	39750	0	0	42
39750	39800	0	0	41
39800	39850	0	0	40
39850	39900	0	0	39
39900	39950	0	0	38
39950	40000	0	0	37
40000	40050	0	0	37
40050	40100	0	0	36
40100	40150	0	0	35
40150	40200	0	0	34
40200	40250	0	0	33
40250	40300	0	0	32
40300	40350	0	0	31
40350	40400	0	0	30
40400	40450	0	0	29
40450	40500	0	0	28
40500	40550	0	0	27
40550	40600	0	0	26
40600	40650	0	0	25
40650	40700	0	0	24
40700	40750	0	0	23
40750	40800	0	0	22
40800	40850	0	0	21
40850	40900	0	0	20
40900	40950	0	0	19
40950	41000	0	0	19
41000	41050	0	0	18
41050	41100	0	0	17
41100	41150	0	0	16
41150	41200	0	0	15
41200	41250	0	0	14
41250	41300	0	0	13
41300	41350	0	0	12
41350	41400	0	0	11
41400	41450	0	0	10
41450	41500	0	0	9
41500	41550	0	0	8
41550	41600	0	0	7
41600	41650	0	0	6
41650	41700	0	0	5
41700	41750	0	0	4
41750	41800	0	0	3
41800	41850	0	0	2
41850	41900	0	0	1
41900	41950	0	0	1

Line 6 – Lake County (Indiana) residential income tax credit

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

1. **You paid property tax to Lake County (Indiana) during 2012 on your residence.** Your "residence" is your principal dwelling. You must either own or be buying the residence under contract, and must pay property tax to Lake County (Indiana) on that residence.

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

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

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

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

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

How do I figure my credit?

Step 1 Did you pay property tax to Lake County (Indiana) on your residence for 2012? ☐ Yes ☐ No
If yes, continue to Step 2.
If no, **STOP**. You do not qualify for this credit.

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

$ ________________

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

Worksheet A:

Complete if your earned income is **less than** $18,000.

A1 Enter the amount of Indiana property tax you paid on your Lake County residence	**A1** $	
A2 Maximum credit	**A2** $	300
A3 Enter the **smaller** of A1 or A2. This is your credit. Enter here and on Schedule F, line 6	**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
B2 Enter your earned income from Step 2 above	**B2** $	
B3 Subtract B2 from B1. If answer is zero or a negative amount, **STOP**. You do not qualify for this credit)	**B3** $	
B4 Multiply the amount on B3 by .5	**B4** $	
B5 Enter the amount of Indiana property tax you paid on your Lake County residence	**B5** $	
B6 Enter the **smaller** of B4 or B5. This is your credit. Enter here and on Schedule F, line 6	**B6** $	

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

Line 7 – Economic development for a growing economy credit (EDGE credit)

If you have business income (including partnership or S corporation income) you may be eligible for the EDGE credit. This credit is available to businesses who conduct certain activities that are designed to foster job creation or job retention in Indiana, and is available to pass-through entities, such as members of partnerships and S corporations.

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

Note: The approved credit agreement letter from the IEDC must be maintained with your records as the Department may request it at a later date.

Schedule G: Offset Credits

Note: The following credits cannot be refunded; their purpose is to help reduce your state and/or county tax liabilities. See the *Combined Limitation* areas after the instructions for line 3 (on page 45) and line 6 instructions (on page 52).

Line 1 – Credit for local taxes paid outside of Indiana

If you figured county tax on Form IT-40PNR, line 9, and had to pay a local income tax outside Indiana, you may be able to take a credit. This credit applies only if the tax you paid outside Indiana was to another city, county, town, or other local governmental entity - and they did not refund the tax or give you a credit for Indiana county tax.

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

Step 1: Figuring your rate: If your Jan. 1, 2012, county of residence has a rate on the *Rate Conversion Chart* on page 47, use the rate in Column A to figure your credit.

If your Jan. 1, 2012, county of residence does not have a rate on the *Rate Conversion Chart* on page 47, but the Jan. 1, 2012, county where you worked has a rate on the *Rate Conversion Chart*, use the rate in Column B to figure your credit.

**Important.* This year Indiana counties were allowed to adopt or increase their local income tax rates through Oct. 31, 2012. This publication was finalized before that date. This means your county tax rate on back of Schedule CT-40PNR may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing. To get the updated list, you may:
- Log on to the Department's website at www.in.gov/dor/4658.htm.
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

(R16 / 11-12)

Rate Conversion Chart

Use this chart if you are eligible to claim a credit for local taxes paid outside of Indiana.

County	A Resident	B Nonresident
Adams	.006	.0015
Allen	.006	.0015
Bartholomew	.01	.0025
Benton	.02	.0025
Blackford	.01	.0025
Boone	.01	.0025
Brown	.0195	.0025
Carroll	.015539*	.0025
Cass	.0225	.0025
Clark	.015	.0025
Clay	.0225	.0025
Clinton	.015	.0025
Crawford	.0075	.0025
Daviess	.0125	.0025
Dearborn	.006	.0015
Decatur	.01	.0025
DeKalb	.01	.0025
Delaware	.006	.0015
Dubois	.006	.0015
Elkhart	.0125	.0025
Fayette	.02	.005
Floyd	.0075	.0025
Fountain	.01	.0025
Franklin	.01	.0025
Fulton	.015	.0025
Gibson	(Cannot take credit)**	
Grant	.02	.005
Greene	.01	.0025
Hamilton	.01	.0025
Hancock	.014875*	.0025
Harrison	.0075	.0025
Hendricks	.0115*	.0025
Henry	.01	.0025
Howard	.014	.0035
Huntington	.015	.0025
Jackson	.011	.0025
Jasper	.02864*	.0025
Jay	.021	.0025
Jefferson	(Cannot take credit)**	
Jennings	.01	.0025
Johnson	.01	.0025
Knox	.006	.0015
Kosciusko	.007	.00175
LaGrange	.01	.0025
Lake	NA	NA
LaPorte	.005	.0025
Lawrence	.0175	.0025
Madison	.015	.00375

County	A Resident	B Nonresident
Marion	.0162	.00405
Marshall	.0125	.0025
Martin	.013*	.00325*
Miami	.021	.00525
Monroe	.0105	.002625
Montgomery	.02	.005
Morgan	.0245	.0025
Newton	.01	.0025
Noble	.01	.0025
Ohio	.01	.0025
Orange	.01	.0025
Owen	.01	.0025
Parke	.018	.0025
Perry	.005	.00125
Pike	(Cannot take credit)**	
Porter	(Cannot take credit)**	
Posey	.005	.00125
Pulaski	.027	.0025
Putnam	.01	.0025
Randolph	.01	.0025
Ripley	.01	.0025
Rush	.01	.0025
St. Joseph	.0135	.003375
Scott	.0125	.003125
Shelby	.01	.0025
Spencer	.003	.00075
Starke	.005	.0025
Steuben	.015	.0025
Sullivan	(Cannot take credit)**	
Switzerland	.01	.0025
Tippecanoe	.006	.0015
Tipton	.0125*	.0025
Union	.0125	.0025
Vanderburgh	.01	.0025
Vermillion	(Cannot take credit)**	
Vigo	.0075	.0025
Wabash	.024	.0025
Warren	.018	.0025
Warrick	(Cannot take credit)**	
Washington	.01	.0025
Wayne	.0125	.0025
Wells	.0165	.0025
White	.01	.0025
Whitley	.01	.0025

* These rates have changed since last year.

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

NA Lake County has no county tax.

If Lake County adopted a tax (find out at www.in.gov/dor/4658.htm - Lake County will have adopted a county tax if it is listed with a rate), then use the Lake County resident rate.

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

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

A. Enter the amount of tax paid to the non-Indiana locality .... **A** ____________
B. Multiply the amount of income taxed by the non-Indiana locality by the rate from Step 1 .. B ____________
C. Enter the amount of Indiana county income tax shown on Form IT-40PNR, line 9............. **C** ____________

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

Note: See the **Combined Limitation** in the next column.

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

Remember, you can use this credit only if you have both a county tax amount on Form IT-40PNR, line 9, and a local income tax that you had to pay outside Indiana.

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

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

Use the following steps to figure your credit.

A. Enter your county tax rate (from Schedule CT-40PNR, Section 1 line 4, or Section 2 line 6) .... **A** __________
B. Divide line A by .15, round to 3 places, and enter result here .... **B** __________
C. Enter credit from federal Schedule R .... **C** __________
D. Multiply B times C and enter result here .... **D** __________
E. Enter the amount of Indiana county tax shown on Form IT-40PNR, line 9 .... **E** __________

The amount of the county credit for the elderly is the lesser of the amount on D or E. Keep a copy of your federal Schedule R as the Department may request it at a later time.

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

Note: See the **Combined Limitation** in the next column.

Line 3 – Other local credits

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

Community revitalization enhancement district credit 808

A state and local income tax liability credit is available for a qualified investment made within a community revitalization enhancement district. This credit is available to pass-through entities, such as members of partnerships and S corporations, and is nonrefundable and cannot be carried back. You may carry forward any excess credit to the next tax year. The allowable credit is the lesser of the available credit, or the county tax due on line 9 of Form IT-40PNR. Also, claim any unused amount (within certain limitations) on Schedule G under line 6 (see instructions for this credit on page 51). Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204 for additional information.

Note: See the **Restriction for certain tax credits** - **Limited to one per project** and the **Combined Limitation** below for additional limitations. Enter code 808 under line 3 if claiming this credit.

Voluntary remediation credit 836

A voluntary remediation credit is available for qualified investments involving redevelopment of a brownfield and environmental remediation. For additional information, contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, 100 N Senate Ave., Indianapolis, IN 46204, or call (317) 232-8827.

See the Voluntary Remediation Credit instructions for line 6 on page 55. Enter code 836 under line 3 if claiming this credit. Also, see the **Combined Limitation** below.

Restriction for certain tax credits - Limited to one per project

A taxpayer may not be granted more than one credit for the same project. The credits that are included are the alternative fuel vehicle manufacturer credit, community revitalization enhancement district credit, enterprise zone investment cost credit, Hoosier business investment credit, industrial recovery credit, military base investment cost credit, military base recovery credit and the venture capital investment credit.

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

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

Combined Limitation: There is one final limitation if you claim more than one credit on lines 1 through 3 of Schedule G. These credits, *when combined*, cannot be greater than the county tax shown on Form IT-40PNR line 9; if they are, adjust the amounts before you enter them. See the following *Order of Application* and examples for guidance.

Order of Application

First, use the credits which cannot be carried over and applied against your county tax in another year. These credits include the county credit for the elderly and the credit for local taxes paid outside Indiana. Second, use any community revitalization enhancement district credit; then, use any voluntary remediation credit.

How to adjust the amount of credit to be entered (example)

Example. Megan is eligible to claim a $100 credit for local taxes paid outside Indiana plus a $200 voluntary remediation credit, for a $300 total amount in offset credits. Her county tax due (IT-40PNR, line 9) is $160. Since her combined credits are $140 more than her county tax due, she should reduce the last entry (the $200 voluntary remediation credit) by the $140 difference to $60. She will enter the full $200 credit for local taxes paid outside Indiana on Schedule G, line 1, and the $60 limited voluntary remediation credit on line 3a. Note: Megan may use the $140 remaining voluntary remediation credit to offset any state tax due on this year's tax return (IT-40PNR, line 8). See additional instructions for the voluntary remediation credit on page 55.

Line 4 – College credit

If you donated money or property to an Indiana college or university, you may be able to take a credit of up to $100 on a single return or $200 on a joint return. To claim this credit you must complete and attach Schedule CC-40. Contact the Department to get more information and the Schedule CC-40 at www.in.gov/dor/4657.htm and Income Tax Information Bulletin #14 at www.in.gov/dor/3650.htm. You must maintain documentation of your contributions as the Department can require you to provide this information at a later date.

Note: Tuition paid to a college or university is not a contribution, and does not qualify for this credit. Also, see the **Combined Limitation** on page 55.

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 2012 and had income from any of the states listed in Group A below, you should first find out what the other state's rules are concerning the taxation of your income.

Group A

No Agreement (Credit taken on resident return)

Alabama	Maine	New York
Arkansas	Maryland	North Carolina
Colorado	Massachusetts	North Dakota
Connecticut	Minnesota	Oklahoma
Delaware	Mississippi	Rhode Island
Georgia	Missouri	South Carolina
Hawaii	Montana	Tennessee*
Idaho	Nebraska	Utah
Illinois	New Hampshire*	Vermont
Iowa	New Jersey	Virginia
Kansas	New Mexico	West Virginia
Louisiana	Any foreign countries or U.S. possessions	

*(Capital gain, interest, and dividends only)

Group A Worksheet

A. Enter the amount of tax paid to the other state. (This does not mean the tax withheld from your wages, but the actual tax figured on the other state's return) .... A ________

B. Multiply the amount of income from the other state (that is subject to Indiana tax) by 3.4% (.034) .... B ________

C. Enter the amount of Indiana state income tax shown on Form IT-40PNR line 8 .... C ________

The lesser of the amounts on A, B or C is your allowable credit for taxes paid to other states.

You must attach a copy of the income tax return (not just the W-2 forms) you filed with the other state to claim this credit. If the other state's return is not attached, the credit will not be allowed. Likewise, if you have a foreign tax credit, complete the Group A Worksheet and attach federal Form 1116. If Form 1116 was not required, attach Forms 1099-INT and/or 1099-DIV (or a substitute statement) to verify the foreign tax and amount of income being taxed.

Exception: **Gambling winnings** from other states. If, during your Indiana residency, you had gambling winnings from another state, and you are not required to file a return with that state, attach the W-2G issued by that state. Use the amount of state tax withheld by that state on Line A of the Group A Worksheet.

Group B

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

Kentucky	Michigan	Ohio
Pennsylvania	Wisconsin	

If you were an Indiana resident during 2012 and had income from one of the states listed in Group B, you are covered by a reciprocal agreement. However, this agreement only applies to income from wages, salaries, tips and commissions. If you had other types of income from these states (such as business income, farm income, etc.), use the Group A Worksheet to figure your credit.

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

If you were a full-resident of one of the reciprocal states and had other types of income from Indiana, or were a part-year Indiana resident, you will need to file form IT-40PNR.

Note. Winnings from Indiana **riverboats** and **lotteries** are not eligible for the reciprocal agreement.

Caution: You may have to make estimated tax payments to Indiana. If the reciprocal state employer does not withhold Indiana withholding on your wage income, or does not withhold enough, see page 33 for Schedule F, line 3 instructions for information on how to figure and pay estimated tax.

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

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona	California	Oregon	Washington D.C.

If you were an Indiana resident during 2012 and had income from one of the states in Group C, you must pay Indiana tax on all your income. You will also need to file a nonresident return with the other state and claim a credit on their tax return for the Indiana tax paid.

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

Group D

No State Income Tax (No credit allowed)

Alaska	Florida	Nevada
South Dakota	Texas	Washington
Wyoming		

If you were an Indiana resident during 2012 and had income from one of the states in Group D, you are not allowed to claim this credit. These states do not have an income tax. You must file an Indiana resident return and pay Indiana tax on all your income.

Note: See the **Combined Limitation** on page 55.

Line 6 – Other credits

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

About airport development zone credits

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

Who is eligible to claim these credits?

Sole proprietors who operate and/or invest in a business located in a zone, and/or businesses organized as partnerships, S corporations and fiduciaries (who may pass through airport development zone credits to their partners or shareholders) are eligible to claim the airport development zone employment expense credit and/or the airport development zone loan interest credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov/ for more information about these credits.

Following are the three available airport development zone credits:

Airport development zone employment expense credit 800

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

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

Enter code 800 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Airport development zone investment cost credit 801

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

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

Enter code 801 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Airport development zone loan interest credit 802

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

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

Enter code 802 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Alternative fuel vehicle manufacturer credit 845

A credit is available for qualified investments made within Indiana that foster job creation, reduce dependency on foreign oil and reduce pollution. A person that proposes a project to manufacture or assemble alternative fuel vehicles may apply to the Indiana Economic Development Corporation before the qualified investment is made. A certificate of verification from the IEDC must be enclosed when claiming the credit. For additional information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov/. Also, get Income Tax Information Bulletin #103 at www.in.gov/dor/3650.htm.

Enter code 845 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 55 for additional limitations.

Blended biodiesel credit 803

Credits are available for taxpayers who produce biodiesel and/or blended biodiesel at an Indiana facility, and for dealers who sell blended biodiesel at retail. Pass-through entities are eligible for this credit. An approved Form BD-100 must be enclosed to verify the claimed credit.

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

Enter code 803 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Indiana's CollegeChoice 529 education savings plan credit 837

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

For more information about this credit, see Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm. This plan is administered through the Indiana Education Savings Authority. More information can be obtained online at www.in.gov/tos/iesa and at www.collegechoiceplan.com. See Schedule IN-529 at www.in.gov/dor/4657.htm to figure your credit. This schedule must be enclosed when claiming the credit.

Enter code 837 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Coal combustion product credit 805

A manufacturer who uses coal combustion products (byproduct resulting from the combustion of coal in an Indiana facility) for the manufacturing of recycled components may be eligible for this credit. Pass-through entities are eligible for this credit. An approved Form CCP-100 must be enclosed to verify the claimed credit. For more information, contact the Indiana Department of Revenue, Coal Combustion Credit, Room N203, 100 N. Senate Ave., Indianapolis, IN, 46204, or call (317) 232-2339.

Enter code 805 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Coal gasification technology investment credit 806

A credit may be available for a qualified investment in an integrated coal gasification power plant or a fluidized bed combustion technology. This credit is available to pass-through entities, such as members of partnerships and S corporations. You must file an application for certification with the Indiana Economic Development Corporation (IEDC). For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov/. Also, see Income Tax Information Bulletin #99 at www.in.gov/dor/3650.htm for more information.

Enter code 806 under line 6 if claiming this credit. Enclose the certificate of compliance issued by IEDC to support this credit. Also, see the **Combined Limitation** on page 55.

Community revitalization enhancement district credit 808

See the Schedule G line 3 instructions for details about this credit. This credit is available to offset **both** your state and local tax liabilities, and any unused remainder is available to be carried forward. Pass-through entities are eligible for this credit. If you did not use all of the available community revitalization enhancement district credit on Schedule G, line 3, the remaining credit should be claimed on this line. For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov/.

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.

Enter code 808 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 55 for additional limitations.

Employer health benefit plan credit

This credit will not be awarded after 2011. Any tax credit previously awarded but not claimed may not be carried over to a taxable year beginning during the period January 1, 2012, through December 31, 2013, and must be carried forward to a taxable year that begins after December 31, 2013, and before January 1, 2016.

About enterprise zone credits

Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Use this website to look up contact information for a particular enterprise zone:
www.aiez.org/directory.html.

Sole proprietors who operate and/or invest in a business located in a zone and pass-through entities are eligible to claim the enterprise zone employment expense credit and/or the enterprise zone loan interest credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov/ for more information about these credits.

Following are the three available enterprise zone credits:

Enterprise zone employment expense credit 812

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

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

Enter code 812 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Enterprise zone investment cost credit 813

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

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

Enter code 813 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 55 for additional limitations.

Enterprise zone loan interest credit 814

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

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

Enter code 814 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Ethanol production credit 815

An Indiana facility with a capacity to produce 40 million gallons of grain ethanol per year may be eligible for this credit. Proof of information for the credit calculation, plus a copy of the Certificate of Qualified Facility issued by the Indiana Recycling and Energy Development Board, must be enclosed to verify this credit. This credit is available to pass-through entities, such as members of partnerships and S corporations.

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

Enter code 815 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Headquarters relocation credit 818

A business with annual worldwide revenue of $100 million, and at least 75 employees, that relocates its corporate headquarters to Indiana may be eligible for a credit. The credit may be as much as 50 percent of the cost incurred in relocating the headquarters. For more information, including limitations and the application process, see Income Tax

Information Bulletin #97 at www.in.gov/dor/3650.htm. Enter code 818 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Historic building rehabilitation credit 819

An historic building rehabilitation credit is available for the rehabilitation or preservation of an historic building that is listed on the Indiana Register of Historic Sites and Structures, is at least 50 years old and is income-producing. The cost of rehabilitation or preservation must also exceed $10,000. A credit of 20 percent of the cost of the qualified rehabilitation or preservation expenses may be taken against your state income tax liability. Any unused balance of the credit may be carried forward for up to 15 years. Those eligible to claim this credit include an individual, corporation, S corporation, partnership, limited liability company, limited liability partnership, nonprofit organization and/or joint venture.

To qualify for the credit, you must obtain certification from the Division of Historic Preservation and Archaeology, Indiana Department of Natural Resources. For additional information, you may call the Department of Natural Resources at (317) 232-1646, visit their website at www.in.gov/dnr/historic and see Income Tax Information Bulletin #87 at www.in.gov/dor/3650.htm.

Enter code 819 under line 6 if claiming this credit and enclose the certification from the Division of Historic Preservation and Archaeology to your return. Also, see the **Combined Limitation** on page 55.

Hoosier business investment credit 820

This credit is for qualified investments, which include the purchase of new telecommunications, production, manufacturing, fabrication, processing, refining or finishing equipment. Pass-through entities are eligible for this credit. This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at http://iedc.in.gov/ or call (317) 234-4046 for additional information.

See Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm for more information.

Note: See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 55 for additional limitations.

Enter code 820 under line 6 if claiming this credit. Maintain with your records a copy of the certificate from the IEDC verifying your share of the tax credit.

Indiana's research expense credit 822

Indiana has a research expense credit that is 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 pass through the credit to their shareholders and partners. Enclose your schedule IN K-1 to support your claim.

A completed Form IT-20REC must be kept with your records as the Department can require you to provide this information. Get Form IT-20REC at www.in.gov/dor/4570.htm.

Enter code 822 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Individual development account credit 823

A credit is available for contributions made to a community development corporation participating in an Individual Development Account (IDA) program. The IDA program is designed to assist qualifying low-income residents to accumulate savings and build personal finance skills. Applications for the credit are filed through the community development corporation by using Form IDA-10/20. An approved Form IDA-20 must be enclosed with your return if claiming this credit. To request additional information about the definitions, procedures and qualifications for obtaining this credit, contact: Indiana Housing and Community Development Authority, 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777. Keep the approval certification from IEDC or letter of assignment with your records as the Department can require you to provide this information.

Enter code 823 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Industrial recovery credit 824

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the Indiana Economic Development Corporation approves the application and the plan for rehabilitation, you are entitled to a credit based on the "qualified investment." For additional information regarding procedures for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov/.

Enter code 824 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 55 for additional limitations.

Maternity home credit

This credit will not be awarded after 2011. Any tax credit previously awarded but not claimed may not be carried over to a taxable year beginning during the period January 1, 2012, through December 31, 2013, and must be carried forward to a taxable year that begins after December 31, 2013, and before January 1, 2016.

Military base investment cost credit 826

This credit is available for certain taxpayers who provide for a qualified investment in a business located in a military base, a military base reuse area, an economic development area, a military base recovery site or a military base enhancement area. For more information about this credit, contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov/. You must keep documentation of the qualified investment and certification of the percentage credit allowed by the Indiana Economic Development Corporation as the Department can require you to provide this information.

Enter code 826 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 55 for additional limitations.

Military base recovery credit 827

A taxpayer who is an owner or developer of a military base recovery site may be eligible for a credit if investing in the rehabilitation of real property located in a military base recovery site according to a plan approved by the Indiana Economic Development Corporation (IEDC). For more information about this credit, contact the Indiana Economic Development Corporation at One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov/.

Enter code 827 under line 6 if claiming this credit. You must enclose approval certification from IEDC or a letter of assignment with your return. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 55 for additional limitations.

Neighborhood assistance credit 828

If you made a contribution or engaged in activities to upgrade areas in Indiana, you may be able to claim a credit for this assistance. Contact the Indiana Housing & Community Development Authority, Neighborhood Assistance Program, 30 S. Meridian, Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777 (800-872-0371 outside Indianapolis), for more information. Pass-through entities are eligible for the credit.

Note.
- The amount of all neighborhood assistance tax credits allowed for all taxpayers in a year is limited to $2,500,000.
- Do not report fees paid to your neighborhood association on this line. They are not eligible for this credit.

Enter code 828 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

New employer credit 850

A credit may be available if a business employs at least 10 new qualified employees and, after Dec. 31, 2009, the business:
- Relocates or locates its operations in Indiana;
- Incorporates in Indiana; or
- Expands it operations in Indiana. This credit is equal to 10 percent of the wages paid to qualified employees.

For more information about this credit, contact the IEDC at One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov. Also, see Income Tax Information Bulletin #106 at www.in.gov/dor/3650.htm.

Enter code 850 under line 6 if claiming this credit. Enclose certification from IEDC, credit assignment and proof of investment with your return. Also, see the **Combined Limitation** on page 55.

Prison investment credit 829

A credit is allowed for amounts invested in Indiana prisons to create jobs for prisoners. The amount is limited to 50 percent of the investment in a qualified project approved by the Department of Corrections (DOC), plus 25 percent of the wages paid to inmates. Pass-through entities are eligible for the credit. For additional information, contact the Indiana Department of Correction, Office of the Commissioner, Indiana Government Center South, Room E334, Indianapolis, IN 46204.

Enter code 829 under line 6 if claiming this credit and enclose verification provided from the DOC. Also, see the **Combined Limitation** on page 55.

Residential Historic Rehabilitation Credit 831

A credit is available for the repair and rehabilitation of historic residential property that is at least 50 years old and will be used as your primary residence. For more information about this credit, see Income Tax Information Bulletin #87A at www.in.gov/dor/3650.htm. Also, contact the Department of Natural Resources, Historic Preservation and Archaeology Division, Indiana Government Center South, Room W-274, Indianapolis, IN 46204, call (317) 232-1646, or visit www.in.gov/dnr/historic.

Enter code 831 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 55.

Riverboat building credit 832

A tax credit has been established for any individual or company that builds or refurbishes a riverboat licensed to conduct legal gambling in Indiana. The Indiana Economic Development Corporation (IEDC) must approve the costs of the qualified investment BEFORE the costs are incurred. Contact the Indiana Economic Development Corporation, Development Finance Division, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 234-0616, or visit http://iedc.in.gov/ for additional information.

Note. The amount of all riverboat building tax credits allowed for all taxpayers in a year is limited to $1,000,000.

Enter code 832 under line 6 if claiming this credit. Enclose certification from IEDC, credit assignment and proof of investment with your return. Also, see the Combined Limitation on page 55.

School scholarship credit 849

A credit is available for donations to certain scholarship-granting organizations (SGOs). The amount of credit is equal to 50% of the amount of the contribution. While there are no limits to how much a donor can contribute to a qualified SGO, the entire tax credit program cannot award more than $2.5 million in credits per state fiscal year (July 1 – June 30).

To qualify for the credit, you must make a contribution to a scholarship granting organization that is certified by the Department of Education. Visit the Indiana Department of Education's website at www.doe.in.gov/improvement/school-choice/school-scholarships-0 for additional information. When claiming this credit, maintain with your records a completed Schedule IN-SSC as the Department can require you to provide this information at a later date. You may get Schedule IN-SSC at www.in.gov/dor/4657.htm.

Note. The amount of all school scholarship tax credits allowed for all taxpayers in a year is limited to $2,500,000.

Enter code 849 under line 6 if claiming this credit. Also, see the **Combined Limitation** in the next column.

Small employer qualified wellness program credit

This credit will not be awarded after 2011. Any tax credit previously awarded but not claimed may not be carried over to a taxable year beginning during the period January 1, 2012, through December 31, 2013, and must be carried forward to a taxable year that begins after December 31, 2013, and before January 1, 2016.

Twenty-first century scholars program credit 834

A credit is allowed for contributions made to the Twenty-First Century Scholars Program Support Fund. The credit is equal to 50 percent of the contributions made during the tax year up to a maximum limit of $100 for a single return and $200 for a joint return. To claim this credit, you must complete and enclose Schedule TCSP-40. Get a Schedule TCSP-40 at www.in.gov/dor/4657.htm. Detailed information about the scholarship program, registration and administration may be obtained by calling the office of the Twenty-First Century Scholars Program at (317) 233-2100.

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

Enter code 834 under line 6 if claiming this credit. Also, see the **Combined Limitation** in the next column.

Venture capital investment credit 835

A taxpayer that provides qualified investment capital to a qualified Indiana business may be eligible for this credit. Certification for this credit must be obtained from the Indiana Economic Development Corporation Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204, telephone number (317) 232-8827, or visit http://iedc.in.gov/.

Enter code 835 under line 6 if claiming this credit. Also, see the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** in the next column for additional limitations.

Voluntary remediation credit 836

See the Schedule G, line 3, instructions on page 48 for details about this credit. This credit is available to offset **both** your state and local tax liabilities. Pass-through entities are eligible for this credit. If you did not use all of the available voluntary remediation credit on Schedule G, line 3, the remaining credit should be claimed on this line. Contact the Indiana Department of Environmental Management, Indiana Government Center North, Room N1101, Indianapolis, IN, 46204, for additional information.

Enter code 836 under line 6 if claiming this credit. Also, see the **Combined Limitation** below.

Restriction for Certain Tax Credits - Limited to One per Project

A taxpayer may not be granted more than one credit for the same project. The credits that are included are the alternative fuel vehicle manufacturer credit, community revitalization enhancement district credit, enterprise zone investment cost credit, Hoosier business investment credit, industrial recovery credit, military base investment cost credit, military base recovery credit and the venture capital investment credit. Apply this restriction first when figuring your credits. Then apply the following **Combined Limitation**.

Combined Limitation: There is one final limitation if you have more than one credit to be entered on lines 4 through 6 of Schedule G. These credits, *when combined*, cannot be greater than the state adjusted gross income tax (AGIT) shown on Form IT-40PNR line 8; if they are, adjust the amounts before you enter them.

How to adjust the amount of credit to enter (examples)

Example. Tanya is eligible to claim both a $200 college credit and a $300 credit for taxes paid to other states, for a $500 total amount of offset credits. Her state adjusted gross income tax due (IT-40PNR, line 8) is $360. Since her combined credits are $140 more than her state tax due, she should reduce the last entry (the $300 credit for taxes paid to other states) by the $140 difference to $160. She will enter the full $200 college credit on Schedule G, line 4, and the $160 limited credit for taxes paid to other states on line 5.

Example. Matthew has a $500 Indiana College Choice 529 savings plan credit and a $600 employer health benefit plan credit. His state adjusted gross income tax due (IT-40PNR, line 8) is $700. He will report the full $500 Indiana College Choice 529 savings plan credit on Schedule G, line 6a, and enter $200 of the employer health benefit plan credit on line 6b. He will carry the $400 remaining unused employer health benefit plan credit over to next year's tax return.

Schedule H
Section 1: Residency Information

Your (and spouse's) information

Tell us where you were a resident during 2012 by completing this area. Enter the 2-letter name for the other state(s) where you lived. For a list, visit the U.S. Postal Service's website at www.usps.com/ncsc/lookups/abbr_state.txt.

Complete the area asking for the time period you lived in Indiana and/or other state(s). If you lived in more than one state other than Indiana, let us know where and when.

Note: If you were a resident of a foreign country during all or a part of 2012, enter the 2-letter code "OC" for other country.

In addition, indicate whether or not you filed a tax return with the state/country you were a resident of in 2012.

Schedule H
Section 2: Additional Required Information

Line 1 – Federal filing information
You must place an "X" in the "yes" or "no" box to answer the question: "Are you filing a federal income tax return for 2012?"

Line 2 – Extension of time to file information
Place an "X" in the box on line 2a if you have a valid federal extension of time to file (federal Form 4868 or Form 2350). Place an "X" in the box on line 2b if you have a valid Indiana extension of time to file, Form IT-9.

Line 3 – Farmers and fishermen
Farmers and fishermen have special filing considerations. If at least two-thirds (2/3) of your gross income is from farming or fishing, mark the box provided on the back of the tax return. This will make sure that a penalty for the underpayment of estimated tax is not assessed provided you have followed through by:
- Paying all your estimated tax on or by Jan. 15, 2013, and filing your Form IT-40PNR by April 15, 2013, **or**
- Filing your Form IT-40 by March 1, 2013, and paying all the tax due at that time. You are not required to make an estimated tax payment if you use this option.

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

Line 4 – Date of death
If the taxpayer and/or spouse died during 2012, 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. For example, a date of death of Jan. 9, 2012, would be entered as 01/09/2012. See instructions on page 7 for more information.

Note: If the taxpayer and/or spouse died before 2012, or after Dec. 31, 2012, but before filing his or her tax return, do not enter his/her date of death in this box.

Line 5 – Telephone and e-mail address information
If this is a joint return, both you and your spouse must sign and date the tax return. Please enter your daytime telephone number so we can call you if we have any questions about your tax return. Also, enter your e-mail address if you would like us to be able to contact you by e-mail.

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

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

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

If you complete this area, you are authorizing the Department to be in contact with someone other than you concerning information about this tax return.

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

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

Paid Preparer Information
Have your paid preparer complete this area (even if the paid preparer is the same individual designated as your personal representative).

The paid preparer must provide:
- The name of the firm that he/she represents,
- The preparer's tax identification number (PTIN), and
- The firm's address or his/her address if self-employed.

Opt-Out Designation
There are many benefits to electronic filing, which include:
- Elimination of math errors.
- Faster refunds.

Paid preparers are required to electronically file all Indiana individual income-tax returns if they prepare more than 10 tax returns annually. If you use a paid preparer and do not want your tax return to be filed electronically, you must complete a state Form IN-OPT. This form requires your signature (and your spouse's, if filing jointly), and must be maintained by your paid preparer with his or her records. Get Form IN-OPT at www.in.gov/dor/4657.htm for more information.

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

County Tax: Schedule CT-40PNR

Complete Schedule CT-40PNR if, on Jan. 1, 2012, you and your spouse (if filing a joint return) lived and/or worked in an Indiana county that has a tax. As of Jan. 1, 2012, Lake County* is the only county in Indiana that does not have a county tax.

*While Lake County had not adopted a county tax by the time this booklet was printed, the county may have by year's end. See ***Special Instructions for Lake County Residents*** on page 56 if you lived in Lake County on Jan. 1, 2012.

County where you lived defined

The county where you lived is the county where you maintained your home on Jan. 1, 2012. If you had more than one home on this date, then your county of residence as of Jan. 1, 2012, was:

- Where you were registered to vote. If this did not apply, then your county of residence was
- Where your personal automobile was registered. If this did not apply, then your county of residence was
- Where you spent the majority of your time in Indiana during 2012.

Did you move during the year?

If you moved to another Indiana county (or out of state) after Jan. 1, 2012, the county where you lived for tax purposes will not change *until the next year*.

If, on Jan. 1, 2012, you lived in an Indiana county that has a tax, then you will owe county tax on all of your Indiana adjusted gross income.

If, on Jan. 1, 2012, you lived in a county (or out of state) that doesn't have a tax, then county tax will be figured on your income from your principal employment if the Indiana county where you worked on Jan. 1, 2012, has a tax (see definition in next column).

County where you worked defined

The county where you worked (county of principal employment) is the county where your main place of business was located or where your main work activity was performed on Jan. 1, 2012. If you began working in another county (or out of state) after Jan. 1, 2012, the county where you worked for tax purposes *will not change until next year*.

Example. Jessie worked in Marion County, Indiana, on Jan. 1, 2012. She quit that job and began a new one in Johnson County, Indiana, on Feb. 10, 2012. She will enter the Marion County two-digit code "49" in the *County Where You Worked* box on the front of Form IT-40PNR even though she changed jobs during the year.

If you had more than one job on Jan. 1, 2012, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2012, your county of principal employment was not in Indiana, write county code "**00**" (out-of-state) in the *County Where You Worked* box on the front of Form IT-40PNR.

Exception: If you worked in any of the following states on Jan. 1, 2012, enter their two-digit code number (instead of 00):

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

Principal employment income

You must figure your principal employment income if, on Jan. 1, 2012, you lived in an Indiana county (or out of state) that did not have a tax, but worked in an Indiana county that did have a tax. Your principal employment income is income you earned from your main work activity (job) for the entire year. See instructions for Section 2, line 1 on page 58 for more information.

Military personnel

If you were stationed in Indiana, your county of residence is the county where you lived on Jan. 1 of the year you entered the military service. If, on Jan. 1, 2012, you were stationed outside Indiana and your family was with you, write county code "00" (out-of-state) in all the county boxes on the front of Form IT-40PNR (you won't owe a county tax).

If, however, you maintained your home in an Indiana county and/or your spouse and a family were still living in an Indiana county on Jan. 1, 2012, you are considered to be a resident of that county and will be subject to county tax.

Retired persons, homemakers or unemployed

If you were retired, a homemaker, or were unemployed on Jan. 1, 2012, put your county of residence two-digit code number in both the Indiana County where you lived and Indiana *County Where You Worked* boxes on Form IT-40PNR. **Do not write the word "Retired," "Homemaker" or "Unemployed" over the boxes**.

Special note to married taxpayers filing a joint return

- If you lived in different counties (or out-of-state) on Jan. 1, 2012, both of you need to figure your county tax separately on Section 1.
- If both of you lived in a county (or out-of-state) on Jan. 1, 2012, that had no tax, but worked in an Indiana county that did have a tax, you must figure your tax separately on Section 2.
- If only one of you is subject to county tax, then you may use all of the exemptions from Schedule D, line 7, except for your spouse's personal exemption, to figure your tax.*

* *Example.* On Schedule D Jack and Sue show three exemptions ($3,000) on line 1 and one exemption ($1,500) on line 2. The line 5 amount is $4,500. The line 6 amount is .40. Jack can use the $3,500 exemptions x .40 = $1,400 to figure his county tax.

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

Where did you live?

Did you live in an Indiana county on Jan. 1, 2012, 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 an Indiana county on Jan. 1, 2012, 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 7 of Form IT-40PNR.

If you are filing a joint return and you both lived in the same county on Jan. 1, 2012, enter in Column A the state taxable income from line 7 of Form IT-40PNR. Leave Column B blank.

Example. On Jan. 1, 2012, Jack and Diane lived in the same Indiana county, and that county has a tax. They'll enter their Form IT-40PNR, line 7 combined state taxable income in Column A.

If you are filing a joint return and you and your spouse lived in different counties on Jan. 1, 2012, or if Lake County adopted a tax and you lived in different Lake County cities or towns on Jan. 1, 2012*, enter each person's share of state taxable income from Form IT-40PNR, line 7, in the appropriate columns.

* Lake County residents should see the ***Special instructions for Lake County residents*** on page 60 for more information.

Example. Simon and Tina married in 2012 and are filing a joint return. On Jan. 1, 2012, Simon lived in Greene County (Indiana) and Tina lived in Clay County (Indiana). Their federal adjusted gross income is $55,400. Their Form IT-40PNR line 7 income of $29,301 includes the following breakdown:

Simon:	$20,000 wages
	+ 200 (1/2 joint interest income)
	- 736 exemption*
	$19,464 income for CT-40PNR Section 1, line 1 Column A
Tina:	$10,000 wages
	+ 200 (1/2 joint interest income)
	- 362 exemption*
	$ 9,838 income for CT-40PNR Section 1, line 1 Column B

* *Exemptions.* Schedule D line 7 is $2,000 x .549 = $1,098. A total of two-thirds or (.67) of the $30,400 Indiana income is Simon's, and one-third or (.33) is Tina's. Therefore, .67 x $1,098 = $736 exemption for Simon, and .33 x $1,098 = $362 exemption for Tina.

Example. The circumstances are the same as the example above except Tina lived in Lake County (Indiana), which does not have a county tax. Simon would still enter his $19,464 share of the Form IT-40PNR line 7 amount on CT-40PNR, Section 1, line 1, Column A. However, Column B will be left blank since Tina won't owe a county tax.

Line 2 – If you claimed a non-Indiana locality earnings deduction on Schedule C, 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 located on the back of Schedule CT-40PNR*. Find the rate from the Resident Rate column and enter it here.

****Important.*** Indiana counties were allowed to adopt or increase their local income tax rates through Oct. 31, 2012. This publication was finalized before that date. This means your county tax rate located on the back of Schedule CT-40PNR may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing. To get the updated list you may:
- Log on to the Department's website at www.in.gov/dor/4658.htm.
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Call our main tax line at (317) 232-2240, Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

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

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

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

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

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

Complete Section 2 if, on Jan. 1, 2012, you were a non-Indiana resident and you worked in an Indiana county that has a county tax, or a resident of Lake County (Indiana), and Lake County did not adopt a tax.[1]

[1]If you worked in Lake County, Indiana, see *Special instructions for Lake County residents* on page 60 for more information.

Line 1 – Enter your principal employment income that is included on Indiana Schedule A, Section 1, Column B* (if you are a resident of a reciprocal state, see ***Reciprocal state residents*** on page 59). This includes income from wages, tips, salaries and commissions; net self-employment income from federal Schedule C/C-EZ; federal Form 1065, Schedule K-1; and/or net farm income from federal Schedule F. Do not include passive-source income like nonbusiness interest and dividends, pension, capital gains, farm rental, unemployment compensation, etc. Also, do not include income from a part-time job if you hold it at the same time you have a full-time job.

Example. During 2012, Jake received income from the following sources (included on Indiana Schedule A, Section 1, Column B):

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

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

***Exception.** A spouse of a nonresident military servicemember who claims the nonresident military spouse earned income deduction on Schedule C, line 11, will not owe county tax on that income.

Example. Jo Anne and her husband are Illinois residents, and live there. Her husband is in the military, and is stationed in Indiana. She has an Indiana job. Jo Anne reported her $25,000 Indiana-source wage income on Schedule A, lines 2A and 2B. She reported the $25,000 as a military spouse earned income deduction on Schedule C, line 11. That $25,000 income is not subject to Indiana county tax. She will not enter it on Schedule CT-40PNR, Section 2, line 1B.

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

Example. Sarah had two full-time jobs in Indiana during the year. She earned $7,000 from her first job, which she held from January through April. She began a new job in May and worked through year's end, earning $11,000. She should enter the $18,000 combined amount here.

If you worked two or more jobs at the same time, enter the portion you earned from your main job.

Example. Daniel had two jobs at the same time. On Job #1 he worked 30 hours a week and earned $270 a week. On Job # 2 he worked 10 hours a week and earned $80 a week. Daniel should enter only the amount he earned from Job #1 ($270 per week) as his principal employment income.

Reciprocal state residents (see instructions on page 8) with Indiana-source income from wages, tips or other compensation may owe county tax on that income even though it's not taxed on Schedule A, Section 1, Column B.

Example. Fred and Deanna are full-year Michigan residents. Deanna earned $25,000 wage income from an Elkhart, Indiana employer, which is the county where she worked on Jan. 1, 2012. Fred received $10,000 winnings from an Indiana riverboat. Fred's gambling income is subject to Indiana state tax (he will report it on Schedule A, line 20, Column B); however, his winnings are not subject to Indiana county tax (he lived and worked in Michigan on Jan. 1, 2012).

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

Line 2 – You may use certain deductions to lower the amount of income to be taxed. These deductions must have been claimed on Indiana Schedule A, Section 2, Column B, or Indiana Schedule C and must have a direct relationship to the income being taxed on line 1.

Allowable deductions from your Indiana Schedule C can include: airport development zone employee deduction, enterprise zone employee deduction, active military pay deduction, National Guard and reserve component member's deduction, and/or an (Indiana) medical savings account deduction.

Allowable deductions claimed on Indiana Schedule A, Section 2, Column B can include: certain business expenses of reservists, performing artists and fee-based government officials, health savings account deduction, moving expenses*, deductible part of self-employment tax, SEP, SIMPLE and qualified plans, self-employed health insurance deduction, IRA deduction and/or Archer MSA deduction.

*The moving expense deduction will be allowed only to the extent the income earned from that move is being taxed on Indiana Schedule A, Column B.

Example. Ann's Indiana income was $21,000 in wage income, which she reported on line 1. She claimed a $2,000 IRA deduction on Indiana Schedule A, Section 2, line 31B. She should claim the $2,000 IRA deduction on line 2.

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

Line 4 – If you are filing a single or married filing separately tax return, enter your total exemptions from Schedule D, line 7. If you are filing a joint tax return, enter your exemption(s) (personal, over 65 and/or blind) included on Schedule D, line 7.

Note: You cannot claim your spouse's personal exemption. Exemptions for dependents can be claimed by either spouse, as long as the total of line 4, Columns A and B is not greater than the total reported on Schedule D, line 7.

Example. On Schedule D Jack and Sue show three exemptions ($3,000) on line 1 and one exemption ($1,500) on line 2. The line 5 amount is $4,500. The line 6 amount is .40. Jack may use $3,500 exemptions x .40 = $1,400 to figure his county tax.

Exception. Reciprocal state residents (see instructions on page 8 and in the left-hand column) with Indiana-source income from wages, tips or other compensation may use some or all of the exemptions from Schedule D, line 7. A single (or married filing separately) filer should use the full amount from line 7 minus the spouses' $1,000 personal exemption.

Line 6 – Find your county on the County Income Tax Chart the back of Schedule CT-40PNR. Find the rate from the Nonresident Rate column (the second column of rates over) and enter it here.

Note: If you have figured a tax in Section 1 and Section 2, add amounts from Section 1, line 9 and Section 2, line 8, and enter on Form IT-40PNR, line 9.

Special instructions for Lake County residents

If you and /or your spouse lived in Lake County on Jan. 1, 2012, then read the following instructions.

For the 2012 tax year, Indiana counties were allowed to adopt or increase their county tax rates through Oct. 31, 2012. This publication was printed before that date. This means that even though no tax rates are listed with Lake County on the back of Schedule CT-40PNR, the county may have adopted a local income tax before the end of the year.

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

- Log on to the Department's website at www.in.gov/dor/4658.htm.
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

If you find that Lake County did not adopt a tax (no resident or nonresident rates will be on the updated chart), skip the following information. Return to ***Section 2: Line-by-line instructions*** on page 58 to see if you owe tax to another county.

If you find that Lake County has adopted a county tax (resident and nonresident rates will be on the updated chart), you'll have to:
complete Section 1 of Schedule CT-40PNR, and
enter information about where you lived.

If you lived in one of the following Lake County cities or towns on Jan. 1, 2012, enter the 4-digit code number associated with that location on Schedule CT-40PNR. If you did not live within the city or town limits, or lived in another Lake County community not on the list, enter the 4-digit code number 4599.

Lake County Cities and Towns Chart

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

Rev. 9-12

Indiana School Corporations

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

County
Corporation Number and Name

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

Allen
0125 M.S.D. Southwest Allen Co
0225 Northwest Allen County
0235 Fort Wayne Community
0255 East Allen County

Bartholomew
0365 Bartholomew Consolidated
0370 Flatrock-Hawcreek
4215 Edinburgh Community

Benton
0395 Benton Community
5995 South Newton
8535 TriCounty

Blackford
0515 Blackford Community

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

Brown
0670 Brown County Sch Corp

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

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

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

Clay
1125 Clay Community Schools
2960 MSD Shakamak Schools

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

Crawford
1300 Crawford Co. Community

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

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

Decatur
1655 Decatur Co Community
1730 Greensburg Community

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

Delaware
1875 Delaware Community
1885 Wes-Del Community Schools
1895 Liberty-Perry Community
1900 Cowan Comm Sch Corp
1910 York Town Community School District
1940 Daleville Community Schools
1970 Muncie Community Schools

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

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

Fayette
2395 Fayette County Sch Corp

Floyd
2400 New Albany-Floyd County Consolidated Sch Corp

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

Franklin
2475 Franklin Co Community
6895 Batesville Community
7950 Union County

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

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

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

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

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

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

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

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

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

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

Huntington
3625 Huntington Co Comm

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

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

Jay
3945 Jay Sch Corp

Jefferson
3995 Madison Consolidated
4000 Southwestern Jefferson Consolidated

Jennings
4015 Jennings County Schools

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

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

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

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

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

Indiana School Corporations Cont'd...

County
Corporation Number and Name

LaPorte
4805 New Prairie United Sch Corp
4860 MSD New Durham Twp
4915 Tri-Township Consolidated School Corporation
4925 Michigan City Area Schools
4940 South Central Community
4945 LaPorte Community
7150 John Glenn Sch Corp

Lawrence
5075 North Lawrence Comm
5085 Mitchell Community

Madison
5245 Frankton-Lapel Comm
5255 South Madison Comm
5265 Alexandria Community
5275 Anderson Community
5280 Elwood Community
2825 Madison-Grant United

Marion
5300 MSD Decatur Township
5310 Franklin Township Comm
5330 MSD Lawrence Township
5340 MSD Perry Township
5350 MSD Pike Township
5360 MSD Warren Township
5370 MSD Washington Township
5375 MSD Wayne Township
5380 Beech Grove City Schools
5385 Indianapolis Public Schools
5400 Sch Town of Speedway

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

Martin
5520 Shoals Community
5525 Loogootee Community

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

Monroe
5705 Richland-Bean Blossom Community Sch Corp
5740 Monroe Co Community

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

Morgan
5900 Monroe-Gregg Sch Corp
5910 Eminence Consolidated Comm Sch Corp
5925 MSD Martinsville Sch Corp
5930 Mooresville Con Sch Corp
4255 Nineveh-Hensley-Jackson United

Newton
5945 North Newton Sch Corp
5995 South Newton Sch Corp

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

Ohio
6080 Rising Sun-Ohio County Community

Orange
6145 Orleans Community Schools
6155 Paoli Community Sch Corp
6160 Springs Valley Comm

Owen
6195 Spencer-Owen Comm
6750 Cloverdale Community

Parke
6260 Southwest Parke Comm
6300 Rockville Community
6310 Turkey Run Community
1125 Clay Community Schools

Perry
6325 Perry Central Community
6340 Cannelton City Schools
6350 Tell City-Troy Township

Pike
6445 Pike County Sch Corp

Porter
6460 MSD Boone Township
6470 Duneland Sch Corp
6510 East Porter County
6520 Porter Township
6530 Union Township
6550 Portage Township Schools
6560 Valparaiso Community
4925 Michigan City Area

Posey
6590 MSD Mount Vernon
6600 MSD North Posey Co
6610 New Harmony Town and Township Con Sch

Pulaski
6620 Eastern Pulaski Comm
6630 West Central Sch Corp
5455 Culver Community
7515 North Judson-San Pierre

Putnam
6705 South Putnam Community
6715 North Putnam Community
6750 Cloverdale Community
6755 Greencastle Community

Randolph
6795 Union Sch Corp
6805 Randolph Southern
6820 Monroe Central
6825 Randolph Central
6835 Randolph Eastern

Ripley
6865 South Ripley Community
6895 Batesville Community
6900 Jac-Cen-Del Community
6910 Milan Community Schools
1575 Ripley-Ohio-Dearborn-Special-Ed-Coop
1560 Sunman-Dearborn Comm

Rush
6995 Rush County Schools
3455 C A Beard Memorial Sch Corp

St. Joseph
7150 John Glenn Sch Corp
7175 Penn-Harris-Madison
7200 Sch City of Mishawaka
7205 South Bend Community
7215 Union-North United Sch Dist
4805 New Prairie United Sch Corp

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

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

Spencer
7385 North Spencer County
7445 South Spencer County

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

Steuben
7605 Fremont Community Schools
7610 Hamilton Community Schools
7615 MSD Steuben County
1835 DeKalb County Central United Sch Dist
4515 Prairie Heights Comm

Sullivan
7645 Northeast Sch Corp
7715 Southwest Sch Corp

Switzerland
7775 Switzerland County

Tippecanoe
7855 Lafayette Sch Corp
7865 Tippecanoe Sch Corp
7875 West Lafayette Comm
0395 Benton Community

Tipton
7935 Tri-Central Sch Corp
7945 Tipton Community Sch Corp

Union
7950 Union County

Vanderburgh
7995 Evansville-Vanderburgh

Vermillion
8010 North Vermillion Comm
8020 South Vermillion Comm

Vigo
8030 Vigo County Sch Corp

Wabash
8045 Manchester Community Schls
8050 MSD Wabash County
8060 Wabash City Schools

Warren
8115 MSD Warren County
0395 Benton Community Sch Corp
2440 Covington Community

Warrick
8130 Warrick County Sch Corp

Washington
8205 Salem Community Schools
8215 East Washington Sch Corp
8220 West Washington Sch Corp

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

Wells
8425 Southern Wells Comm
8435 Northern Wells Comm
8445 MSD Bluffton-Harrison

White
8515 North White Sch Corp
8525 Frontier Sch Corp
8535 Tri-County School Corp
8565 Twin Lakes Sch Corp
0775 Pioneer Regional Sch Corp

Whitley
8625 Smith-Green Comm Schls
8665 Whitley Co. Con Schools
4455 Whitko Community Sch Corp

Index to Instructions

W

Z

This page left blank intentionally.

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

This 2012 IT-40PNR booklet contains:

- **Form IT-40PNR and Instructions**
- Schedule A Sections 1, 2 and 3
- Schedule B Add-Backs
- Schedule C Deductions
- Schedule D Exemptions
- Schedule E Other Taxes
- Schedule F Credits
- Schedule G Offset Credits
- Schedule H Sections 1 & 2
- Schedule CT-40PNR, County Tax with tax rates
- Schedule IN-DEP, Additional Dependent Child Information
- Schedule IN-EIC, Earned Income Credit
- Mailing Envelope

Contributions to the Indiana Nongame Wildlife Fund

Donations to the Nongame Wildlife Fund assist the Indiana Department of Natural Resources to manage and protect over 750 nongame and endangered wildlife species in Indiana. Your contributions to the Fund have brought ospreys and bald eagles back to our skies and river otters to our waters.

These reintroduction programs, as well as many other restoration, management, and educational projects implemented by the Wildlife Diversity Section, rely on donations from individuals like you. The program is funded almost exclusively by donations to the Indiana state income tax check-off and direct donations.

If you would like to make a donation to the Fund, you may donate all or a portion of your tax refund on line 18 of the IT-40PNR. To make a direct donation, you can also complete the form to the right and mail it with a check or money order made payable to the Fund to: Nongame Wildlife Fund, Division of Fish and Wildlife, W-273, 402 West Washington St., Indianapolis, IN 46204. You can learn more about Indiana's Nongame Wildlife Diversity Section at **www.in.gov/dnr/fishwild/**

I (We) wish to donate $___________
to the Indiana Nongame Wildlife Fund.

Name(s): ____________________________________

Address: ____________________________________

____

City: ____________________________________

State: ______________ Zip Code: ____________

Send to: **Nongame Wildlife Fund**
Division of Fish and Wildlife, W-273
402 West Washington St.
Indianapolis, IN 46204