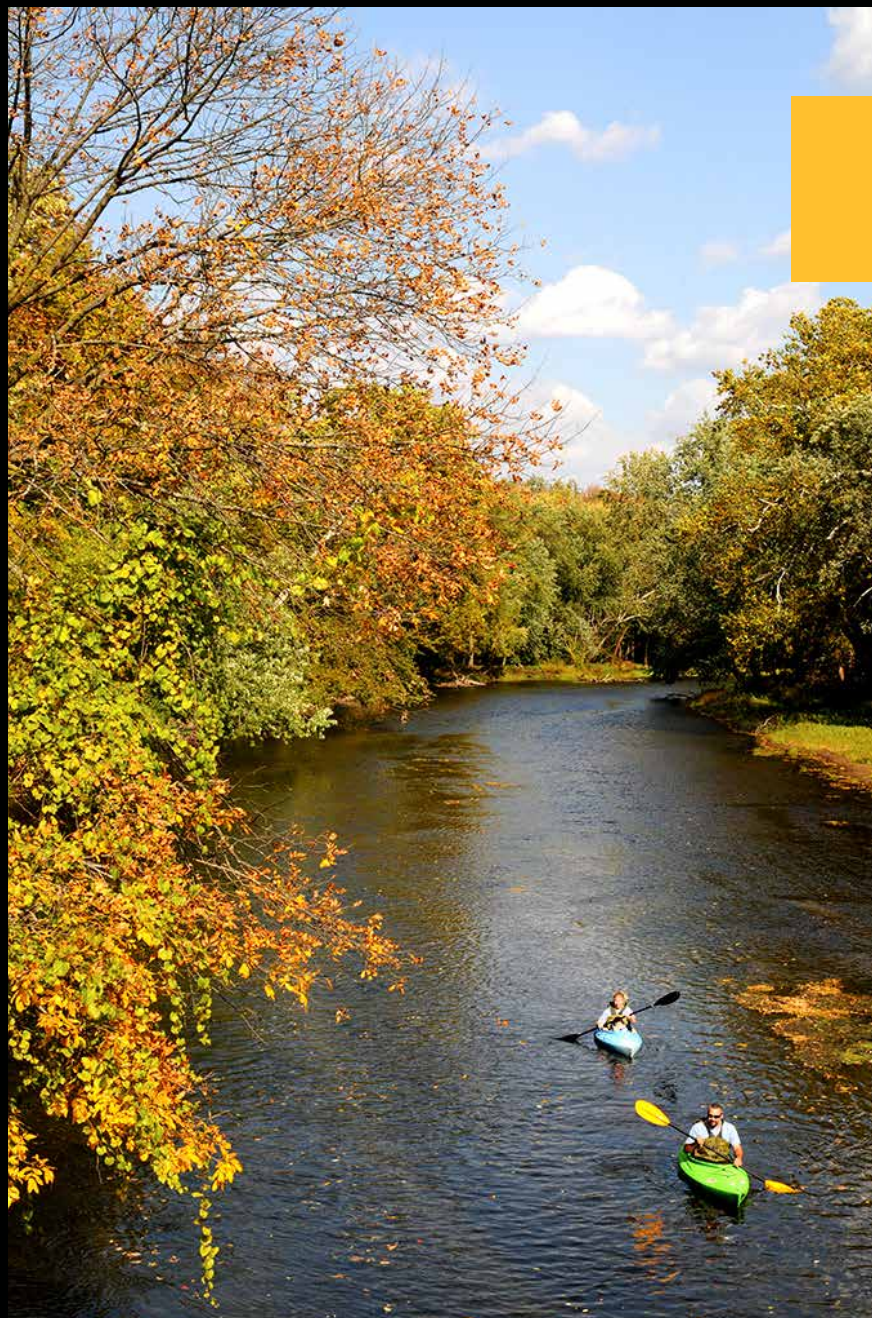


Index begins  
on page 60



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**INDIANA**

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

Individual Income Tax Booklet

**[freefile.dor.in.gov](http://freefile.dor.in.gov) FAST • FRIENDLY • FREE**

# WAIT!

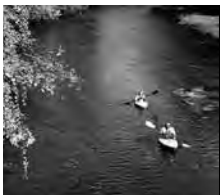
## YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!



More than 2.7 million Indiana taxpayers filed electronically in 2014. Consider the benefits of filing electronically:

- **Faster Refund.** Electronic filing reduces errors and expedites refund time – within 10 to 14 days (compared with 10 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.
- **Easier Filing.** 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.

You may be eligible to file your taxes online for FREE with INfreefile. Go to [www.freefile.dor.in.gov](http://www.freefile.dor.in.gov) to see if you qualify or learn more about INfreefile on page 4.



**About the cover:** This year, Indiana's tax booklets showcase some of Indiana's 25 state parks. This cover features Tippecanoe State Park. Visitors can enjoy a relaxing journey as they float down the beautiful Tippecanoe River. When they return, they can explore the beautiful campground facilities with a group, family, or friends. For more information, visit [www.in.gov/dnr](http://www.in.gov/dnr). Image courtesy of Indiana Department of Natural Resources.

# 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.
- You do not have any interest income from a direct obligation (acquired after Jan. 1, 2012) of a state or political subdivision other than Indiana.

### 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](http://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.

## 2014 Changes

**Update:** Line 1 of Form IT-40 assumes conformity with the Internal Revenue Code for federal changes adopted after Jan. 1, 2013. 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 check the department's homepage at [www.in.gov/dor/index.htm](http://www.in.gov/dor/index.htm) periodically for updates.

### Certain Expired Federal Tax Provisions (Tax Extenders)

This publication was finalized before all year-end federal legislative changes were complete. If you are reporting any adjustments and/or tax add-backs, see information for *Schedule A, Section 2: Adjustments to Income*, and *Schedule B: Add-Backs* on pages 16 and 18, for more information.

### Extension of Time to File Update

Indiana's extension of time to file, Form IT-9, now matches the federal extension of time to file timeline, plus 30 days. See page 7 for more information.

### Olympic/Paralympic Medal Winners Deduction

A new deduction is available for winning a medal in the Olympic/Paralympic games. See page 26 for more information.

### Natural Gas Commercial Vehicle Credit

A credit is available for certain vehicles powered with natural gas (CNG or LNG) that weigh more than 33,000 pounds. See page 50 for more information.

### New Schedule IN-OCC Replaces, Expands Schedule IN-SSC

See reporting instructions if claiming any of the following credits:

- Hoosier Business Investment Credit
- Hoosier Business Investment Credit – Logistics
- Natural Gas Commercial Vehicle Credit
- School Scholarship Credit

### Industrial Recovery Credit

Pass-through entities are now eligible to claim the industrial recovery credit. See page 50 for more information.

### Several Offset Credits Repealed

The following credits have been repealed.\*

- Airport Development Zone Employment Expense Credit
- Airport Development Zone Investment Cost Credit
- Airport Development Zone Loan Interest Credit
- Capital Investment Credit
- Military Base Investment Cost Credit
- Military Base Recovery Cost Credit

\***Note.** A credit may still be carried forward providing there was an unused amount available prior to it being repealed.

### **The Coal Combustion Product Credit**

This credit is no longer available.

### **Airport Development Zone Employee Deduction**

This deduction is no longer available.

### **Same-Sex Marriage Update**

See *Married Filing Requirements* on page 5 for instructions as to how certain same-sex married couples should file with Indiana.

## **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](http://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](http://www.in.gov/dor).

### **Telephone**

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

## **Ready to file your return?**

### **Use an Electronic Filing Program**

More than 2.7 million Hoosier taxpayers used an electronic filing program to file their 2013 state and federal individual income tax returns. Electronic filing provides Indiana taxpayers the opportunity to file their federal and state tax returns immediately, and receive their Indiana refunds in about half the time it takes to process a paper return. It takes even less time if you use direct deposit, which deposits your refund directly into your bank account. Even if there is an amount due on either return, Indiana taxpayers can still file electronically and feel comfortable knowing that the returns were received by the IRS and the Indiana Department of Revenue. Use an electronic vendor or contact your tax preparer to see if he or she provides this service.

### **INfreefile**

This tax season Indiana continues to offer a free tax filing service through the cooperation of the Free File Alliance.

Eligible Indiana taxpayers can file both the federal and Indiana individual tax returns using highly interactive and easy-to-use web-based applications that speed both returns and refunds. Some services also offer state-only filings as well.

More than 20 states will be using the INfreefile option for 2015. In addition, you have the selection of multiple vendors to use for this free service. The Department of Revenue estimates that nearly 1 million Indiana taxpayers will be eligible for this free service. You may be one. In fact, more than 119,000 Hoosier taxpayers used INfreefile last year and expressed a very high satisfaction rate with the service.

See if you are eligible to participate by visiting [www.freefile.dor.in.gov](http://www.freefile.dor.in.gov).

### **Our Website**

Our website offers tax filing options, downloadable blank forms and instructions, information bulletins, commissioner's directives, an online helpdesk, helpful email links and a calendar with filing due dates. Visit the department's website at [www.in.gov/dor](http://www.in.gov/dor).

### **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 <https://secure.in.gov/dor/4706.htm> and change your address online.

Call the department at (317) 232-2240.

## Filing an Amended (Corrected) Tax Return

Did you receive a late W-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/5174.htm](http://www.in.gov/dor/5174.htm).

## Public Hearing - June 18, 2015

The department will hold a public hearing on June 18, 2015. The hearing will be held at 10-11 a.m. in Conference Room A 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 the 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](http://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 Requirements

### • Married filing jointly

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

### • 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 then 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 2014, 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.

### • Same-sex married tax filing guidelines

Couples in same-sex marriages from states that recognize them should file their taxes with Indiana using the same married filing status as they used for federal tax filing purposes (see above).

## 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](http://www.in.gov/dor/4432.htm).

## School Corporation Number

Enter the four-digit school corporation number (found on pages 58 and 59) for where the primary taxpayer lived on Jan. 1, 2014. 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, 2014, 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, 2014. You can find these code numbers on the chart on the back of Schedule CT-40PNR. See the instructions beginning on page 53 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 2014 federal Form 1040EZ, were a full-year resident of Indiana, claim only the renter's deduction and/or unemployment compensation deduction, and have only Indiana state and county tax withholding credits, then you should file the simplified Form IT-40EZ. If you 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 2014, or died after Dec. 31, 2014, 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, 2014, would be entered as 01/09/2014. Note: The date of death should not be entered here if the individual died after Dec. 31, 2014, but before filing the tax return. The date of death information will be shown on the individual's 2015 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](http://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 2014, 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 54 for an explanation of county of residence for military personnel.

## When Should You File?

Your tax return is due April 15, 2015. If you file after this date, you may have to pay interest and penalty. See page 12 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
- You cannot file your tax return by the April 15, 2015 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, 2015.

**Note.** Indiana's extension of time to file, Form IT-9, now extends the filing date to match the federal extension of time to file date plus 30 days (to Nov. 14). Since Nov. 14 falls on a weekend in 2015, filing Form IT-9 will extend the filing date to the next business day, which is Nov. 16, 2015.

**If you owe...**

**Option 1** File Indiana's extension of time to file, Form IT-9, and send in a payment. This must be filed by April 15, 2015, for the extension to be valid. Then, make sure to file your tax return by Nov. 16, 2015, paying any remaining balance due with that filing. While interest is due on

any amount paid after April 15, penalty will be waived if both of the following conditions are met:

- The remaining balance is paid in full by Nov. 16, 2015, and
- You paid at least 90 percent of the tax expected to be owed by the original April 15 due date.

**Note.** You may file for a state extension of time to file online if you make a payment with it. Access the department's ePay system at [www.in.gov/dor/4340.htm](http://www.in.gov/dor/4340.htm) by April 15, and follow the directions for making an extension payment.

**Option 2** If you filed for a 6 month federal extension of time to file (Form 4868) with the IRS, you are not also required to file for a state extension (via Form IT-9 or online). Make sure to file your tax return by Nov. 16, 2015 (Indiana allows for an additional 30 days), paying any balance due with that filing. While interest is due on any amount paid after April 15, penalty will be waived if both of the following conditions are met:

- The balance due is paid in full by Nov. 16, 2015, and
- You paid at least 90 percent of the tax expected to be owed by the original April 15 due date.

#### If you don't owe...

You'll 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, 2015.

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, 2015.

#### Extension Filing Deadline.

- Both state Form IT-9 and federal Form 4868 extend your state filing time to Nov. 16, 2015.

#### Will You Owe Penalty and/or Interest?

Interest is owed on all amounts paid after April 15, 2015. See page 12 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, 2015;
- Filed your tax return by Nov. 16, 2015; and
- Paid any remaining amount due with that filing.

#### Indiana's Extension of Time to File, Form IT-9

You may get Form IT-9 online at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). You may also file for an extension online (if making a payment) at [www.in.gov/dor/4340.htm](http://www.in.gov/dor/4340.htm) (make sure to do this by April 15, 2015).

#### Where to Report Your Extension Payment.

Add your state extension payment to any estimated tax paid. Report the total on Schedule 5, line 3.

**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, 2015.

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).

## 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 non-resident 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, pari-mutuel wagering, 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 re-

turn. See the “Need Tax Forms or Information Bulletins?” 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 55 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 2014 joint federal income tax return. During 2014 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 55 to determine if county tax is due on her wage income.

## 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 13. 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 18. 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 20. 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 27. 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 53.

### Line 10 – Other Taxes

Enter any other taxes from Schedule E: Other Taxes on this line. Instructions for Schedule E begin on page 28. 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 29. 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 45. Make sure to enclose Schedule G when filing.

### Line 17 – Contribution to Indiana Nongame Wildlife Fund

The Indiana Wildlife Diversity Program 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 the Indiana Nongame Wildlife 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 17. You can donate all or a part of your refund. Donations must be a minimum of \$1. If you are not receiving a refund, but want to support the Wildlife Diversity Section, do not change your tax return. You may make a contribution online at [www.in.gov/dnr/fishwild/3316.htm](http://www.in.gov/dnr/fishwild/3316.htm).

Read more about Indiana’s Wildlife Diversity Program and learn how donations have helped Indiana’s endangered wildlife at [www.in.gov/dnr/fishwild/3316.htm](http://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 the amount you calculated. If you entered a donation to the Indiana Nongame Wildlife Fund and wish to apply some of your overpayment to your 2015 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 19 – Amount to be Applied as a 2015 Estimated Tax Installment Payment

You should pay estimated tax if you expect to have income during the 2015 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/5174.htm](http://www.in.gov/dor/5174.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 18 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, 2015, 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 2015 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 19a (along with their 2-digit county code), \$270 on line 19c, and the \$300 total amount to be applied will be entered on line 19d. They will get a \$120 refund (\$420 overpayment minus \$300 applied to their 2015 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 19c (Indiana adjusted gross income tax amount), and carries it to line 19d. (He will pay the \$470 additional amount by filing the Form ES-40.)

**Important.** Estimated tax installment payments made for the 2015 tax year are due by April 15, 2015, June 15, 2015, Sept. 15, 2015 and Jan. 15, 2016. Any installment payment amount entered on line 19d 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, 2015, will be considered to be a 2015 first installment payment; June 3, 2015, will be considered to be a 2015 second installment payment; and July 22, 2015, will be considered to be a 2015 third installment payment.

**Note.** If you are filing this return after Jan. 15, 2016, 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/4340.htm](http://www.in.gov/dor/4340.htm). See line 26 instructions on page 12 for details about payment options.

See Income Tax Information Bulletin #3 at [www.in.gov/dor/3650.htm](http://www.in.gov/dor/3650.htm) for additional information about estimated taxes.

## Line 20 – 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 either 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 20.

\*You must have timely paid 100 percent of lines 8 and 9 of your 2013 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 percent).

\*\*Farmers and fishermen should see the special instructions on page 11.

**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 20, 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 Schedule 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 15, 2014, first installment due date.

*Example.* Rachael received a sizeable lump sum distribution in Dec. of 2014. She figured how much estimated tax was due, and paid it by the Jan. 15, 2015, 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 2013 and/or 2014 was from farming or fishing.

**Option 1.** Pay your estimated tax in one payment on or before Jan. 15, 2015, and file your tax return by April 15, 2015; or

**Option 2.** Make no estimated tax payment, and file your tax return and pay all the tax due by March 2, 2015.

*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/5174.htm](http://www.in.gov/dor/5174.htm) to get Schedule IT-2210 or IT-2210A.

### **Line 21 – Refund**

You have a refund if line 18 is greater than the combined amounts entered on lines 19d and 20.

**Important.** If the combination of line 19d plus line 20 is greater than the amount on line 18, you must make an adjustment. The estimated tax carryover amount on line 19d is limited; it cannot be greater than the remainder of line 18 minus line 20. See the second example about Stu under the Line 19 instructions on page 10.

### **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.

### **When to Expect Your Refund**

Generally, 10 to 14 days is the average wait for a refund if the tax return is electronically filed; it can take up to 10 to 12 weeks for the refund to be issued if you mail in your tax return.

### **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/4339.htm](http://www.in.gov/dor/4339.htm) and click Check the Status of Your 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.

### **Statute of Limitations for Refund Claims**

There is a **statute of limitations** when filing for a refund. In general, when filing your 2014 tax return, a claim for refund of excess withholding credits must be made no later than April 18, 2017. A claim for refund of all other excess payments and refundable credits must be made by April 17, 2018. (The claim is considered to be made on the day your tax return is postmarked.) If you file your 2014 tax return after the statute of limitations has expired, no refund will be issued.

### **Line 22 – 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 22a, 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.

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 22b, where it says "Account Number" (do not write anything on line 22a "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 22c.

## Line 23

If line 21 is less than zero, you have an amount due. Enter here as a positive number and skip to line 24.

OR

If line 15 is greater than line 14, complete the following steps:

Subtract line 14 from line 15 and enter the total here .....	A	_____
Enter any amount from line 20 .....	B	_____
Add lines A + B. Enter total here and on line 23 .....	C	_____

## Line 24 – Penalty

You may owe a penalty if your tax return is filed after the April 15, 2015, due date and you have an amount due. Penalty is 10 percent of the amount due (line 23 minus line 20) 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, 2015.

## Line 25 – 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, 2015, due date and you have an amount due. Interest should be figured on the sum of line 23 minus line 20. Contact the department at (317) 232-2240 or visit our website at [www.in.gov/dor/3618.htm](http://www.in.gov/dor/3618.htm) to get departmental Notice #3 for the current interest rate.

## Line 26 – 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](http://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](http://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](http://www.intaxpay.in.gov) and select the *Individual Eligibility* tab. **Important.** If using the payment plan option, penalty and interest will be due on all amounts paid after the April 15, 2015, 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 within 10 days after the notice was mailed, the penalty is increased to 30 percent multiplied by the value of the check, credit card, debit card, or electronic funds transfer, or 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](http://www.in.gov/dor/3883.htm). You may also contact the Office of the Taxpayer Advocate directly at [taxpayeradvocate@dor.in.gov](mailto: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](http://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.

You may wish to periodically check the department's homepage at [www.in.gov/dor/](http://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 19 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](http://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 18; Apportionment on line 19 if this income is from a business doing business both within and outside Indiana; and Other Income on line 20.

### Line 8 — Capital Gain or Loss from Sale or Exchange of Property

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

**Note:** Any capital loss claimed is subject to the same capital loss limitations that apply for federal tax purposes. 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, 2014, through Sep. 30, 2014. 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.

**Note.** You will be eligible for a deduction if you included any railroad retirement benefits issued by the U.S. Railroad Retirement Board on this line. See Schedule C, line 6 instructions for more information.

### 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 18.

### 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\* (unless they opt out); 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 18.

### 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 18.

### 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 23 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. You may access Schedule IT-40PNRA at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm).

**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 24 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, 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.*  $\$3,100 \div \$8,000 = .3875$ , 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 that are available to offset 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 2014 federal income tax purposes, then there will be nothing to report on line 22. You may wish to periodically check the Department's homepage at [www.in.gov/dor/](http://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. Enter in Column B the portion of the expense that was spent while you were an Indiana resident.

\* 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 2014 federal income tax purposes, then there will be nothing to report on line 22, Columns A or B. You may wish to periodically check the department's homepage at [www.in.gov/dor/](http://www.in.gov/dor/) for updates about any impact of late federal legislation.

**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.

If some or all of your self-employment tax is figured on income derived from other states as well as Indiana, you must prorate your total federal adjustment reported in Column A to arrive at the amount to be reported in 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 that your Indiana self-employment income bears to your total 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.

If some or all of your self-employed health insurance deduction is figured on income derived from other states as well as Indiana, you must prorate your total federal adjustment reported in Column A to arrive at the amount to be reported in Column B.

### **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.

### **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. Enter in Column B the portion of the deductible interest paid while you were an Indiana resident.

### **Line 33 — Tuition and Fees**

Enter in Column A any tuition and fees deduction properly claimed on your federal tax return\*, Form 1040, line 34 or Form 1040A, line 19. Enter in Column B the portion that was paid while you were an Indiana resident.

\*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 tuition and fees deduction was scheduled to end (sunset), the adjustment for the expense may have been extended for federal income tax purposes. If the tuition and fees deduction was not extended for 2014 federal income tax purposes, then there will be nothing to report on line 33, Columns A or B. You may wish to periodically check the department's homepage at [www.in.gov/dor/](http://www.in.gov/dor/) for updates about any impact of late federal legislation.

### **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.

*Following 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

Some amounts reported on your federal tax return may require different treatment for Indiana income tax purposes. Listed in this area are those items that may need to be added back on your Indiana tax return. Please review the list carefully. When reporting these addbacks, maintain with your records the corresponding federal tax forms and schedules as the department can require you to provide them at a later date.

You may have to complete this schedule if:

- while you were an Indiana resident, you received income or loss 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.

### 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.

For example, while the exclusion for the discharge of debt of a principal residence was scheduled to end (sunset) in 2013, the exclusion may have been extended for federal income tax purposes. If the discharge of debt of a principal residence exclusion was not extended for 2014 federal income tax purposes, then there will be nothing to add back on your Indiana tax return. You may wish to periodically check the department's homepage at [www.in.gov/dor/](http://www.in.gov/dor/) for updates about any impact of late federal legislation.

### Treatment of Previously Discontinued Add-Back.

Several discontinued add-backs were created as a result of timing differences between federal and Indiana allowable expenses. See *Certain Discontinued Add-Backs: How and When to Report a Difference* on page 20 for information about these add-backs.

### 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) that 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](http://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 3-digit code number. When reporting the add-back, write its name, the associated 3-digit number and the amount.

## 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.

**\*Important.** This publication was finalized before all year-end federal legislative changes were complete. While the exclusion for the discharge of debt of a principal residence was scheduled to end (sunset), it may have been extended for federal income tax purposes. If this exclusion was not extended for 2014 federal income tax purposes, then do not add this amount back. You may wish to periodically check the department's homepage at [www.in.gov/dor/](http://www.in.gov/dor/) for updates about any impact of late federal legislation.

## 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 Jan. 1, 2013, 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](http://www.in.gov/dor/3650.htm). Enter code 137 on Schedule B under line 5 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, 2013. 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 2013 and 2014 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 2012 Schedule 1, line 12 (full-year resident), or on Schedule B, line 5 (part- or full-year nonresident). The adjustment going forward should be reported on the 2014 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, 2013, 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/](http://www.in.gov/dor/) for updates. Enter code 120 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 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 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.

## Certain Discontinued Add-Backs: How and When to Report a Final Catch-Up Modification.

Required add-backs for the following modifications have been eliminated, effective Jan. 1, 2013:

- Motorsports Entertainment Complex, Code 130
- Qualified Advance Mining Safety Equipment, Code 126
- Qualified Electric Utility Amortization, Code 135
- Qualified Environmental Remediation Costs, Code 121
- Qualified Leasehold Improvement Property, Code 129
- Qualified Restaurant Improvement Property, Code 108
- Qualified Retail Improvement Property, Code 109
- Start-Up Expenditures, Code 131

If you previously reported any of these add-backs, see the following example for guidance as to how to figure and report a final catch-up modification.

*Example.* Grant has qualified restaurant equipment. For federal tax purposes he used the accelerated 15-year recovery period for an asset placed in service since 2009. Since 2009 Grant had been adding back the depreciation expense taken for federal purposes that exceeded the amount allowable for Indiana purposes. The accumulated depreciation on such an asset through 2012 was, therefore, different for federal and state purposes. This difference will remain until the asset is fully depreciated or until the time of its disposition.

A simple illustration:

Asset – acquired January, 2009 – qualified restaurant property – purchase price \$120,000. This normally would have had a 39-year recovery period; IRC Sec. 168 allows for a 15-year recovery period.

Asset acquired Jan. 2009 \$120,000 purchase price	Federal Depreciation	Add- Back	Indiana Depreciation
Year 1 (2009)	8,000	4,924	3,076
Year 2 (2010)	8,000	4,924	3,076
Year 3 (2011)	8,000	4,924	3,076
Year 4 (2012)	8,000	4,924	3,076
Year 5 (2013) Accumulated Depreciation	8,000 40,000	0	8,000 20,304
Year 6 – 15 Accumulated Depreciation	80,000 120,000	0	80,000 100,304
Year 16 – 38 Accumulated Depreciation	0	0	0
Year 39 (or year of disposition) Add-back	0	-19,696	19,696

Tax year 2012 is the last year Grant reported an add-back until the end of the recovery period. Had this asset been sold before being fully depreciated, the catch-up modification would be reflected in the year of the sale. If this property is held through 2048 (the 39th year of depreciation), Grant will report a negative \$19,696 catch-up add-back on his 2048 state tax return.

**Enter the associated 3-digit code on Schedule B under line 5 if reporting a final catch-up modification.**

## 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
- You rented a place that 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.

**Important.** You cannot claim the renter's deduction if the rental property was not subject to Indiana property tax.

**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.* 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](http://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 2014 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 2014. 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 2014 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.

**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](http://www.in.gov/dor/3650.htm).

## Lines 5 and 6 – Taxable Social Security and/or Railroad Retirement Benefits Deduction

Indiana does not tax Social Security income or Tier 1 or Tier 2 railroad retirement benefits issued by the U.S. Railroad Retirement Board. If you have included any of these benefits on Indiana Schedule A, Section 1, line 11B or line 18B, deduct those benefits on this line.

**Note:** See the *Railroad Unemployment and Sickness Benefits* deduction instructions on page 27 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, 2014,
- You were receiving military retirement or survivor's benefits in 2014, 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 2014, see the National Guard and Reserve Component Members Deduction on page 25.

**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](http://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](http://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 2014. 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 (which must be subject to Indiana property tax),
- The part of your home where the insulating items were installed must have been built *before* Jan. 1, 2011,
- 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](http://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 below to figure your deduction.

**Important.** Do not include any unemployment compensation issued by the U.S. Railroad Retirement Board on line 1 of the worksheet. Instead, see the instructions for the *Railroad Unemployment and Sickness Benefits* deduction on page 27 for more information.

**Line 11 – Other Deductions**

Each of the following deductions has been assigned a 3-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.

**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, 2014. 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.

*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](http://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, 2014, and
  - Received disability retirement income during 2014.

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](http://www.in.gov/dor/3650.htm) and Schedule IT-2440 at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.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

Unemployment Compensation Worksheet			
<b>Note:</b> If you were married but filing separately, and you lived with your spouse at any time during 2014, enter -0- on line 3 of the worksheet. However, if you were married but filing separately, and lived apart from your spouse the entire year, enter \$12,000 on line 3.			
1.	Unemployment compensation included on IT-40, line 1 (do not include any unemployment compensation issued by the Railroad Retirement Board - see instructions).....	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	

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.

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, Mega Millions, 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 by the Indiana Hoosier Lottery Commission before July 1, 2002, are exempt from Indiana tax.

The maximum allowable deduction is up to \$1,200 per qualifying W-2G. Complete the worksheet below to see if you are both eligible for a deduction and, if so, how to figure it.

\* The \$1,200 amount is a one-time deduction per each Hoosier Lottery win, and is available only for the first year you receive a payment from an annuitized lottery payout. Do not claim the deduction when reporting the annuity payments in subsequent years.

**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 2014.) 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.

You must 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 on Schedule 2 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 15. Add the amounts from Box 1 of each of those W-2Gs; enter total here .....

B \$

C. Exemption .....

C \$ 1,200

D. How many W-2Gs\* did you locate on line B above (e.g. 1, 2, etc.)?  
\*Exception. Include the W-2G from an annuity payment **ONLY** in the first year in which you receive it. ....

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 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](http://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 22)

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 during the period you were deployed and 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 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, 2014, Brandon earned \$6,000 from the guard.
- His unit was federalized on Oct. 16, 2014. He earned \$7,000 from that point through Dec. 1, 2014.
- His unit was assigned to a combat zone on Dec. 2, 2014, and he earned \$3,000 from then until the end of the year.
- Brandon's military W-2 shows \$13,000 in Box 1, Wages, tips, other compensation (the combat zone income is not included in Box 1 because it is not taxable).

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

Military withholding statements must be attached to the tax return when claiming this deduction. 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/5174.htm](http://www.in.gov/dor/5174.htm). Enter code 625 under line 11 if claiming this deduction.

### **Olympic/Paralympic Medal Winners Deduction 627**

You are eligible for a deduction if, while an Indiana resident, you won a gold, silver and/or bronze medal from participating in the Olympic/Paralympic games. The deduction equals the value of the medal(s) won plus the amount of income received during the taxable year from the United States Olympic Committee as prize money for winning the Olympic medal(s).

Enter code 627 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 the year your deduction is:

- \$1,000; multiplied by
- 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/home-school" 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](http://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](http://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, 2014, or be a full-time student who is under the age of 24 by Dec. 31, 2014.

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/5174.htm](http://www.in.gov/dor/5174.htm)). Indiana also honors the federal extension of time to file, Form 4868.

**Exception.** If your qualified dependent child was born and died in 2014 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 15 for more information.

## Schedule E: Other Taxes

### Line 1 – Use Tax on Internet, Mail Order and/or 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

Sales/Use Tax Worksheet		
List all purchases made during 2014 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	

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 above 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 2014 to an individual who is **not**

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

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

If you paid cash wages over \$1,900 to a household worker who is your employee, or total cash wages of \$1,000 or more in any calendar quarter of 2013 or 2014 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/5174.htm](http://www.in.gov/dor/5174.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 48 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](http://www.in.gov/dor/3650.htm). See Schedule IN-529R at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.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. Indiana state withholding amounts may also be present on Form WH-18, 1099G, 1099R, etc.

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. Failure to enclose all necessary withholding statements will result in a reduced refund or increase in the amount you owe.

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 2014**

If you made estimated tax payments, enter the total paid for 2014 on this line. Also include any extension payment made with Form IT-9 “Extension of Time to File” for tax year 2014.

**Note:** Do not include on this line any estimated tax paid for tax year 2015.

**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, 2014,
- 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 at least six months during 2014,
- 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 2014.

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

**Important:**

- If your spouse died after Jan. 1, 2014, 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.
- If your income is low enough that you are not required to file a Form IT-40PNR, and you meet the requirements for claiming the Unified Tax Credit for the Elderly, do not file Form IT-40PNR. Instead, file the simplified Form SC-40 to claim this credit.\*

\*Form SC-40 can be found at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). Or, call (317) 615-2581. You can claim the credit on either Form IT-40PNR or Form SC-40, but *file only one of these forms, and only file once.*

**Note.** You must file the Form IT-40PNR if you are eligible to take the Lake County residential income tax credit. See line 6 instructions on page 40 for more information.

**The Deadline for Claiming This Credit Is June 30, 2015**

The only exception to this rule is if you have a valid extension of time to file, Form 4868 or Form IT-9. Having a valid extension will allow you to claim this credit through Nov. 16, 2015. See *Extension of Time to File – What if You Can’t File on Time?* on page 7 for information about getting an extension of time to file.

**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 2014, both were Indiana residents for at least six months and both of you were age 65 or older by Dec. 31, 2014, or
- Both you and your spouse met all the requirements, and your spouse died after Jan. 1, 2014.

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, or
- 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 2014, 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.....	Your Allowable Credit* is:
Indiana Schedule A, Section 3 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 \$43,750. 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.

Indiana's Publication EIC is available for additional information. It may be viewed online at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.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 2014 federal tax return (on federal Form 1040, line 66a; Form 1040A, line 42a; or on Form 1040EZ, line 8a)?

**Yes.** *Continue*

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

2. If, in 2014:

- 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than \$43,750?
- 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than \$38,500?
- No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than \$14,500?

**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 \$3,350?

**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 (located online at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm)) to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

4. Do any of the following apply for 2014?

- 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. You may find Publication EIC at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm).

**No.** Go to Step 3.

## Step 3 Qualifying Child

Did a child live with you in 2014?

**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 33)

**AND, was...**

- Under age 19 at the end of 2014 and younger than you (or your spouse, if filing jointly), or
- Under age 24 at the end of 2014, a student (see page 34), and younger than you (or your spouse, if filing jointly), or
- Any age and permanently and totally disabled (see page 34),

### AND, who...

Is not filing a joint return for 2014, or is filing a joint return for 2014 only as a claim for refund,

### AND, who...

Lived with you in the United States for more than half of 2014 or, if a foster child, for all of 2014. If the child did not live with you for the required time, see *Exception to "time lived with you"* on page 33.

**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 2014, or the child was married, see page 33.

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 2014\*. If at least one qualifying child has a valid SSN (or was born and died in 2014), go to Step 5.

**No.** Continue to Step 4.

**\*Exception.** If your qualified dependent child was born and died in 2014 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 34).

## 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 66a; Form 1040A, line 42a; 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 \$43,750?
  - 1 qualifying child, is Box A less than \$38,500?
  - No qualifying children, is Box A less than \$14,500?

**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 page 33.

**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.
- Amount of the qualified foster care payments included in Box 1 of Form W-2 that you have elected to exclude from your federal adjusted gross income - \_\_\_\_\_

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 2014, 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 36.

**No.** Continue.

4. If you have:
  - 2 or more qualifying children, is your total earned income (Box B) less than \$43,750?
  - 1 qualifying child, is your total earned income (Box B) less than \$38,500?
  - No qualifying children, is your total earned income (Box B) less than \$14,500?

**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 35.

### 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 2014 if the child was born or died in 2014 and your home was this child’s home for the entire time he or she was alive in 2014. 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* in the next column.

**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 2014 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 2014, 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 2014 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. 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 2014. 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 2014 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 2014. If your dependent child was born and died in 2014 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 2014, 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.

**\*Indiana's Publication EIC**, available online at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm), has additional information, including rules if you have a qualifying child, an investment income calculation worksheet, additional definitions, tiebreaker rules, etc.

# 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 \$8,110?
  - 1 or more qualifying children, is the amount on line 3 less than \$17,830?

**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 66a; Form 1040A, line 42a; 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 must 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

3. 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 \$43,750?
  - 1 qualifying child, is line 4b less than \$38,500?
  - No qualifying children, is line 4b less than \$14,500?

**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 \$8,110?
  - 1 or more qualifying children, is the amount on line 8 less than \$17,830?

**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 66a; Form 1040A, line 42a; 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.**

# 2014 Indiana Earned Income Credit (EIC) Table

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 —		
2,400	2,450	17	74	87
2,450	2,500	17	76	89

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 —		

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 —		

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 —		

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

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

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

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	44	194	228
6350	6400	44	195	230
6400	6450	44	197	231
6450	6500	45	198	233
6500	6550	45	200	235
6550	6600	45	201	237
6600	6650	45	203	239
6650	6700	45	204	240
6700	6750	45	206	242
6750	6800	45	207	244
6800	6850	45	209	246
6850	6900	45	210	248
6900	6950	45	212	249
6950	7000	45	213	251
7000	7050	45	215	253
7050	7100	45	216	255
7100	7150	45	218	257
7150	7200	45	220	258
7200	7250	45	221	260
7250	7300	45	223	262
7300	7350	45	224	264
7350	7400	45	226	266
7400	7450	45	227	267
7450	7500	45	229	269
7500	7550	45	230	271
7550	7600	45	232	273
7600	7650	45	233	275
7650	7700	45	235	276
7700	7750	45	236	278
7750	7800	45	238	280
7800	7850	45	239	282
7850	7900	45	241	284
7900	7950	45	243	285
7950	8000	45	244	287

**2014 Indiana Earned Income Credit (EIC) Table — Continued**

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren
Your credit is —					Your credit is —					Your credit is —					Your credit is —				
8000	8050	45	246	289	10400	10450	29	297	375	12800	12850	12	297	462	15200	15250		297	491
8050	8100	45	247	291	10450	10500	28	297	377	12850	12900	12	297	464	15250	15300		297	491
8100	8150	45	249	293	10500	10550	28	297	379	12900	12950	11	297	465	15300	15350		297	491
8150	8200	44	250	294	10550	10600	28	297	381	12950	13000	11	297	467	15350	15400		297	491
8200	8250	44	252	296	10600	10650	27	297	383	13000	13050	11	297	469	15400	15450		297	491
8250	8300	43	253	298	10650	10700	27	297	384	13050	13100	10	297	471	15450	15500		297	491
8300	8350	43	255	300	10700	10750	27	297	386	13100	13150	10	297	473	15500	15550		297	491
8350	8400	43	256	302	10750	10800	26	297	388	13150	13200	10	297	474	15550	15600		297	491
8400	8450	42	258	303	10800	10850	26	297	390	13200	13250	9	297	476	15600	15650		297	491
8450	8500	42	259	305	10850	10900	26	297	392	13250	13300	9	297	478	15650	15700		297	491
8500	8550	42	261	307	10900	10950	25	297	393	13300	13350	9	297	480	15700	15750		297	491
8550	8600	41	262	309	10950	11000	25	297	395	13350	13400	8	297	482	15750	15800		297	491
8600	8650	41	264	311	11000	11050	25	297	397	13400	13450	8	297	483	15800	15850		297	491
8650	8700	41	265	312	11050	11100	24	297	399	13450	13500	8	297	485	15850	15900		297	491
8700	8750	40	267	314	11100	11150	24	297	401	13500	13550	7	297	487	15900	15950		297	491
8750	8800	40	269	316	11150	11200	24	297	402	13550	13600	7	297	489	15950	16000		297	491
8800	8850	40	270	318	11200	11250	23	297	404	13600	13650	7	297	491	16000	16050		297	491
8850	8900	39	272	320	11250	11300	23	297	406	13650	13700	6	297	491	16050	16100		297	491
8900	8950	39	273	321	11300	11350	22	297	408	13700	13750	6	297	491	16100	16150		297	491
8950	9000	39	275	323	11350	11400	22	297	410	13750	13800	6	297	491	16150	16200		297	491
9000	9050	38	276	325	11400	11450	22	297	411	13800	13850	5	297	491	16200	16250		297	491
9050	9100	38	278	327	11450	11500	21	297	413	13850	13900	5	297	491	16250	16300		297	491
9100	9150	38	279	329	11500	11550	21	297	415	13900	13950	5	297	491	16300	16350		297	491
9150	9200	37	281	330	11550	11600	21	297	417	13950	14000	4	297	491	16350	16400		297	491
9200	9250	37	282	332	11600	11650	20	297	419	14000	14050	4	297	491	16400	16450		297	491
9250	9300	37	284	334	11650	11700	20	297	420	14050	14100	4	297	491	16450	16500		297	491
9300	9350	36	285	336	11700	11750	20	297	422	14100	14150	3	297	491	16500	16550		297	491
9350	9400	36	287	338	11750	11800	19	297	424	14150	14200	3	297	491	16550	16600		297	491
9400	9450	36	288	339	11800	11850	19	297	426	14200	14250	3	297	491	16600	16650		297	491
9450	9500	35	290	341	11850	11900	19	297	428	14250	14300	2	297	491	16650	16700		297	491
9500	9550	35	291	343	11900	11950	18	297	429	14300	14350	2	297	491	16700	16750		297	491
9550	9600	35	293	345	11950	12000	18	297	431	14350	14400	1	297	491	16750	16800		297	491
9600	9650	34	295	347	12000	12050	18	297	433	14400	14450	1	297	491	16800	16850		297	491
9650	9700	34	296	348	12050	12100	17	297	435	14450	14500	1	297	491	16850	16900		297	491
9700	9750	33	297	350	12100	12150	17	297	437	14500	14550	0	297	491	16900	16950		297	491
9750	9800	33	297	352	12150	12200	17	297	438	14550	14600		297	491	16950	17000		297	491
9800	9850	33	297	354	12200	12250	16	297	440	14600	14650		297	491	17000	17050		297	491
9850	9900	32	297	356	12250	12300	16	297	442	14650	14700		297	491	17050	17100		297	491
9900	9950	32	297	357	12300	12350	16	297	444	14700	14750		297	491	17100	17150		297	491
9950	10000	32	297	359	12350	12400	15	297	446	14750	14800		297	491	17150	17200		297	491
10000	10050	31	297	361	12400	12450	15	297	447	14800	14850		297	491	17200	17250		297	491
10050	10100	31	297	363	12450	12500	15	297	449	14850	14900		297	491	17250	17300		297	491
10100	10150	31	297	365	12500	12550	14	297	451	14900	14950		297	491	17300	17350		297	491
10150	10200	30	297	366	12550	12600	14	297	453	14950	15000		297	491	17350	17400		297	491
10200	10250	30	297	368	12600	12650	14	297	455	15000	15050		297	491	17400	17450		297	491
10250	10300	30	297	370	12650	12700	13	297	456	15050	15100		297	491	17450	17500		297	491
10300	10350	29	297	372	12700	12750	13	297	458	15100	15150		297	491	17500	17550		297	491
10350	10400	29	297	374	12750	12800	12	297	460	15150	15200		297	491	17550	17600		297	491

**2014 Indiana Earned Income Credit (EIC) Table — Continued**

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren
Your credit is —					Your credit is —					Your credit is —					Your credit is —				
17600	17650		297	491	20000	20050		266	450	22400	22450		231	404	24800	24850		197	359
17650	17700		297	491	20050	20100		265	449	22450	22500		231	403	24850	24900		196	358
17700	17750		297	491	20100	20150		264	448	22500	22550		230	402	24900	24950		195	357
17750	17800		297	491	20150	20200		264	447	22550	22600		229	401	24950	25000		195	356
17800	17850		297	491	20200	20250		263	446	22600	22650		228	401	25000	25050		194	355
17850	17900		297	491	20250	20300		262	445	22650	22700		228	400	25050	25100		193	354
17900	17950		296	490	20300	20350		262	444	22700	22750		227	399	25100	25150		193	353
17950	18000		295	489	20350	20400		261	443	22750	22800		226	398	25150	25200		192	352
18000	18050		295	488	20400	20450		260	442	22800	22850		226	397	25200	25250		191	351
18050	18100		294	487	20450	20500		259	441	22850	22900		225	396	25250	25300		190	350
18100	18150		293	486	20500	20550		259	440	22900	22950		224	395	25300	25350		190	349
18150	18200		292	485	20550	20600		258	439	22950	23000		223	394	25350	25400		189	348
18200	18250		292	484	20600	20650		257	438	23000	23050		223	393	25400	25450		188	347
18250	18300		291	483	20650	20700		257	437	23050	23100		222	392	25450	25500		187	346
18300	18350		290	482	20700	20750		256	437	23100	23150		221	391	25500	25550		187	346
18350	18400		290	481	20750	20800		255	436	23150	23200		221	390	25550	25600		186	345
18400	18450		289	480	20800	20850		254	435	23200	23250		220	389	25600	25650		185	344
18450	18500		288	479	20850	20900		254	434	23250	23300		219	388	25650	25700		185	343
18500	18550		287	478	20900	20950		253	433	23300	23350		218	387	25700	25750		184	342
18550	18600		287	477	20950	21000		252	432	23350	23400		218	386	25750	25800		183	341
18600	18650		286	476	21000	21050		251	431	23400	23450		217	385	25800	25850		182	340
18650	18700		285	475	21050	21100		251	430	23450	23500		216	384	25850	25900		182	339
18700	18750		285	474	21100	21150		250	429	23500	23550		216	383	25900	25950		181	338
18750	18800		284	473	21150	21200		249	428	23550	23600		215	383	25950	26000		180	337
18800	18850		283	473	21200	21250		249	427	23600	23650		214	382	26000	26050		180	336
18850	18900		282	472	21250	21300		248	426	23650	23700		213	381	26050	26100		179	335
18900	18950		282	471	21300	21350		247	425	23700	23750		213	380	26100	26150		178	334
18950	19000		281	470	21350	21400		246	424	23750	23800		212	379	26150	26200		177	333
19000	19050		280	469	21400	21450		246	423	23800	23850		211	378	26200	26250		177	332
19050	19100		280	468	21450	21500		245	422	23850	23900		210	377	26250	26300		176	331
19100	19150		279	467	21500	21550		244	421	23900	23950		210	376	26300	26350		175	330
19150	19200		278	466	21550	21600		244	420	23950	24000		209	375	26350	26400		175	329
19200	19250		277	465	21600	21650		243	419	24000	24050		208	374	26400	26450		174	328
19250	19300		277	464	21650	21700		242	419	24050	24100		208	373	26450	26500		173	328
19300	19350		276	463	21700	21750		241	418	24100	24150		207	372	26500	26550		172	327
19350	19400		275	462	21750	21800		241	417	24150	24200		206	371	26550	26600		172	326
19400	19450		274	461	21800	21850		240	416	24200	24250		205	370	26600	26650		171	325
19450	19500		274	460	21850	21900		239	415	24250	24300		205	369	26650	26700		170	324
19500	19550		273	459	21900	21950		239	414	24300	24350		204	368	26700	26750		170	323
19550	19600		272	458	21950	22000		238	413	24350	24400		203	367	26750	26800		169	322
19600	19650		272	457	22000	22050		237	412	24400	24450		203	366	26800	26850		168	321
19650	19700		271	456	22050	22100		236	411	24450	24500		202	365	26850	26900		167	320
19700	19750		270	455	22100	22150		236	410	24500	24550		201	365	26900	26950		167	319
19750	19800		269	455	22150	22200		235	409	24550	24600		200	364	26950	27000		166	318
19800	19850		269	454	22200	22250		234	408	24600	24650		200	363	27000	27050		165	317
19850	19900		268	453	22250	22300		234	407	24650	24700		199	362	27050	27100		164	316
19900	19950		267	452	22300	22350		233	406	24700	24750		198	361	27100	27150		164	315
19950	20000		267	451	22350	22400		232	405	24750	24800		198	360	27150	27200		163	314

2014 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —			If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren	At least	But less than	No child-ren	One child	Two child-ren
Your credit is —					Your credit is —					Your credit is —					Your credit is —				
27200	27250	162	313		29600	29650	128	268		32000	32050	93	222		34400	34450	59	177	
27250	27300	162	312		29650	29700	127	267		32050	32100	93	221		34450	34500	58	176	
27300	27350	161	311		29700	29750	126	266		32100	32150	92	220		34500	34550	57	175	
27350	27400	160	310		29750	29800	126	265		32150	32200	91	220		34550	34600	57	174	
27400	27450	159	310		29800	29850	125	264		32200	32250	90	219		34600	34650	56	173	
27450	27500	159	309		29850	29900	124	263		32250	32300	90	218		34650	34700	55	172	
27500	27550	158	308		29900	29950	123	262		32300	32350	89	217		34700	34750	54	171	
27550	27600	157	307		29950	30000	123	261		32350	32400	88	216		34750	34800	54	170	
27600	27650	157	306		30000	30050	122	260		32400	32450	88	215		34800	34850	53	169	
27650	27700	156	305		30050	30100	121	259		32450	32500	87	214		34850	34900	52	168	
27700	27750	155	304		30100	30150	121	258		32500	32550	86	213		34900	34950	52	167	
27750	27800	154	303		30150	30200	120	257		32550	32600	85	212		34950	35000	51	166	
27800	27850	154	302		30200	30250	119	256		32600	32650	85	211		35000	35050	50	165	
27850	27900	153	301		30250	30300	118	256		32650	32700	84	210		35050	35100	49	165	
27900	27950	152	300		30300	30350	118	255		32700	32750	83	209		35100	35150	49	164	
27950	28000	152	299		30350	30400	117	254		32750	32800	82	208		35150	35200	48	163	
28000	28050	151	298		30400	30450	116	253		32800	32850	82	207		35200	35250	47	162	
28050	28100	150	297		30450	30500	116	252		32850	32900	81	206		35250	35300	47	161	
28100	28150	149	296		30500	30550	115	251		32900	32950	80	205		35300	35350	46	160	
28150	28200	149	295		30550	30600	114	250		32950	33000	80	204		35350	35400	45	159	
28200	28250	148	294		30600	30650	113	249		33000	33050	79	203		35400	35450	44	158	
28250	28300	147	293		30650	30700	113	248		33050	33100	78	202		35450	35500	44	157	
28300	28350	146	292		30700	30750	112	247		33100	33150	77	201		35500	35550	43	156	
28350	28400	146	292		30750	30800	111	246		33150	33200	77	201		35550	35600	42	155	
28400	28450	145	291		30800	30850	111	245		33200	33250	76	200		35600	35650	42	154	
28450	28500	144	290		30850	30900	110	244		33250	33300	75	199		35650	35700	41	153	
28500	28550	144	289		30900	30950	109	243		33300	33350	75	198		35700	35750	40	152	
28550	28600	143	288		30950	31000	108	242		33350	33400	74	197		35750	35800	39	151	
28600	28650	142	287		31000	31050	108	241		33400	33450	73	196		35800	35850	39	150	
28650	28700	141	286		31050	31100	107	240		33450	33500	72	195		35850	35900	38	149	
28700	28750	141	285		31100	31150	106	239		33500	33550	72	194		35900	35950	37	148	
28750	28800	140	284		31150	31200	106	238		33550	33600	71	193		35950	36000	36	147	
28800	28850	139	283		31200	31250	105	238		33600	33650	70	192		36000	36050	36	147	
28850	28900	139	282		31250	31300	104	237		33650	33700	70	191		36050	36100	35	146	
28900	28950	138	281		31300	31350	103	236		33700	33750	69	190		36100	36150	34	145	
28950	29000	137	280		31350	31400	103	235		33750	33800	68	189		36150	36200	34	144	
29000	29050	136	279		31400	31450	102	234		33800	33850	67	188		36200	36250	33	143	
29050	29100	136	278		31450	31500	101	233		33850	33900	67	187		36250	36300	32	142	
29100	29150	135	277		31500	31550	100	232		33900	33950	66	186		36300	36350	31	141	
29150	29200	134	276		31550	31600	100	231		33950	34000	65	185		36350	36400	31	140	
29200	29250	134	275		31600	31650	99	230		34000	34050	65	184		36400	36450	30	139	
29250	29300	133	274		31650	31700	98	229		34050	34100	64	183		36450	36500	29	138	
29300	29350	132	274		31700	31750	98	228		34100	34150	63	183		36500	36550	29	137	
29350	29400	131	273		31750	31800	97	227		34150	34200	62	182		36550	36600	28	136	
29400	29450	131	272		31800	31850	96	226		34200	34250	62	181		36600	36650	27	135	
29450	29500	130	271		31850	31900	95	225		34250	34300	61	180		36650	36700	26	134	
29500	29550	129	270		31900	31950	95	224		34300	34350	60	179		36700	36750	26	133	
29550	29600	129	269		31950	32000	94	223		34350	34400	59	178		36750	36800	25	132	

2014 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —			
		No child- ren	One child	Two child- ren	
At least	But less than	Your credit is —			
36800	36850	24	131		
36850	36900	24	130		
36900	36950	23	129		
36950	37000	22	129		
37000	37050	21	128		
37050	37100	21	127		
37100	37150	20	126		
37150	37200	19	125		
37200	37250	18	124		
37250	37300	18	123		
37300	37350	17	122		
37350	37400	16	121		
37400	37450	16	120		
37450	37500	15	119		
37500	37550	14	118		
37550	37600	13	117		
37600	37650	13	116		
37650	37700	12	115		
37700	37750	11	114		
37750	37800	11	113		
37800	37850	10	112		
37850	37900	9	111		
37900	37950	8	111		
37950	38000	8	110		
38000	38050	7	109		
38050	38100	6	108		
38100	38150	6	107		
38150	38200	5	106		
38200	38250	4	105		
38250	38300	3	104		
38300	38350	3	103		
38350	38400	2	102		
38400	38450	1	101		
38450	38500	1	100		
38500	38550	0	99		
38550	38600		98		
38600	38650		97		
38650	38700		96		
38700	38750		95		
38750	38800		94		
38800	38850		93		
38850	38900		93		
38900	38950		92		
38950	39000		91		
39000	39050		90		
39050	39100		89		
39100	39150		88		
39150	39200		87		
39200	39250		86		
39250	39300		85		
39300	39350		84		
39350	39400		83		
39400	39450		82		
39450	39500		81		
39500	39550		80		
39550	39600		79		
39600	39650		78		
39650	39700		77		
39700	39750		76		
39750	39800		75		
39800	39850		75		
39850	39900		74		
39900	39950		73		
39950	40000		72		
40000	40050		71		
40050	40100		70		
40100	40150		69		
40150	40200		68		
40200	40250		67		
40250	40300		66		
40300	40350		65		
40350	40400		64		
40400	40450		63		
40450	40500		62		
40500	40550		61		
40550	40600		60		
40600	40650		59		
40650	40700		58		
40700	40750		57		
40750	40800		57		
40800	40850		56		
40850	40900		55		
40900	40950		54		
40950	41000		53		
41000	41050		52		
41050	41100		51		
41100	41150		50		
41150	41200		49		
41200	41250		48		
41250	41300		47		
41300	41350		46		
41350	41400		45		
41400	41450		44		
41450	41500		43		
41500	41550		42		
41550	41600		41		
41600	41650		40		
41650	41700		39		
41700	41750		38		
41750	41800		38		
41800	41850		37		
41850	41900		36		
41900	41950		35		
41950	42000		34		
42000	42050		33		
42050	42100		32		
42100	42150		31		
42150	42200		30		
42200	42250		29		
42250	42300		28		
42300	42350		27		
42350	42400		26		
42400	42450		25		
42450	42500		24		
42500	42550		23		
42550	42600		22		
42600	42650		21		
42650	42700		20		
42700	42750		20		
42750	42800		19		
42800	42850		18		
42850	42900		17		
42900	42950		16		
42950	43000		15		
43000	43050		14		
43050	43100		13		
43100	43150		12		
43150	43200		11		
43200	43250		10		
43250	43300		9		
43300	43350		8		
43350	43400		7		
43400	43450		6		
43450	43500		5		
43500	43550		4		
43550	43600		3		
43600	43650		2		
43650	43700		2		
43700	43750		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 2014 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., is 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 2014? ☐ Yes ☐ No

If you answered yes, continue to Step 2.

If you answered 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.

### Lines 7 and 8:

- **Economic Development for a Growing Economy Credit (EDGE)**
- **Economic Development for a Growing Economy Retention Credit (EDGE-R)**

If you have business income (including partnership or S corporation income) you may be eligible for one or both of these credits. These credits are available to businesses who conduct certain activities that are designed to foster job creation and/or job retention in Indiana.

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

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

To claim these credits you must complete and enclose Schedule IN-EDGE or Schedule IN-EDGE-R, which are located online at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). The information to be reported on Schedule IN-EDGE or Schedule IN-EDGE-R is located on the Indiana Schedule IN K-1 or on the approved credit agreement letter from the IEDC.

## Rate Conversion Chart

Use these rates when figuring a Credit for Local Taxes Paid Outside of Indiana (Schedule G, line 1).

County Name	A County Resident Rate	B County Nonresident Rate
Adams	.006	.0015
Allen	.006875*	.0017188*
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	.0145*	.0025
Harrison	.0075	.0025
Hendricks	.0115	.0025
Henry	.01	.0025
Howard	.014	.0035
Huntington	.015	.0025
Jackson	.011	.0025
Jasper	.028265*	.0025
Jay	.021	.0025
Jefferson	(Cannot take credit)**	
Jennings	.01	.0025
Johnson	.01	.0025
Knox	.006	.0015
Kosciusko	.007	.00175
LaGrange	.01	.0025
Lake	.003125*	.000625*
LaPorte	.005	.0025
Lawrence	.0175	.0025
Madison	.0175*	.004375*

County Name	A County Resident Rate	B County Nonresident Rate
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	.01125*	.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.

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 46) and line 7 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, 2014, county of residence has a rate on the *Rate Conversion Chart* on page 44, use the rate in Column A to figure your credit.

If your Jan. 1, 2014, county of residence does not have a rate on the *Rate Conversion Chart* on page 44, but the Jan. 1, 2014, county where you worked has a rate on the *Rate Conversion Chart*, use the rate in Column B to figure your credit.

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

- A. Enter the amount of tax paid to the non-Indiana locality ..... A \_\_\_\_\_
- B. Multiply the amount of income taxed by the non-Indiana locality by the rate from Step 1 .. B \_\_\_\_\_
- C. Enter the amount of Indiana county income tax shown on Form IT-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** on page 46.

Line 3 – Other Local Credits

The following credits has 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 48). 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.

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 subject to this limitation are the Alternative Fuel Vehicle Manufacturer Credit, Community Revitalization Enhancement District Credit, Enterprise Zone Investment Cost Credit, Hoosier Business Investment Credit, Industrial Recovery Credit, and the Venture Capital Investment Credit.

For more information see Commissioner's Directive #29 at [www.in.gov/dor/3617.htm](http://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. Then, use any community revitalization enhancement district 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 community revitalization enhancement district credit (CREED), 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 CREED 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 CREED credit on line 3a. Note: Megan may use the \$140 remaining CREED credit to offset any state tax due on this year's tax return (IT-40PNR, line 8). See additional instructions for the CREED credit on page 48.

**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/5174.htm](http://www.in.gov/dor/5174.htm) and Income Tax Information Bulletin #14 at [www.in.gov/dor/3650.htm](http://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 52.

**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 2014 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 enclose 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 the tax year 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 30 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 2014 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 2014 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 52.

**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.**

**Airport Development Zone Employment Expense Credit 800**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 800 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 52.

**Airport Development Zone Investment Cost Credit 801**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 801 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 52.

**Airport Development Zone Loan Interest Credit 802**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 802 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 52.

**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 who 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](http://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 52 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](http://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 52.

### 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](http://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](http://www.in.gov/tos/iesa) and at [www.collegechoiceplan.com](http://www.collegechoiceplan.com). See Schedule IN-529 at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.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 52.

### 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](http://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 52.

### 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 52 for additional limitations.

### Employer Health Benefit Plan Credit 842

Any unused amount of an employer health benefit plan credit awarded before 2012 is available to be claimed on the 2014 state tax return.

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

For more information see Income Tax Information Bulletin #101 at [www.in.gov/dor/3650.htm](http://www.in.gov/dor/3650.htm).

Enter code 842 under line 6 if claiming this credit. See the **Combined Limitation** on page 52.

### 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](http://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.

### 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](http://www.in.gov/dor/3650.htm) and Indiana Schedule EZ, Parts 1, 2 and 3 at [www.in.gov/dor/3515.htm](http://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 52.

### 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](http://www.in.gov/dor/3650.htm) and contact the Indiana Eco-

conomic 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 52 for additional limitations.

### **Enterprise Zone Loan Interest Credit 814**

This credit can be for up to 5 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](http://www.in.gov/dor/3650.htm) and Indiana Schedule LIC at [www.in.gov/dor/3515.htm](http://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 52.

### **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](http://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 52.

### **Headquarters Relocation Credit 818**

A business with annual worldwide revenue of \$100 million, and at least 75 employees, which 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](http://www.in.gov/dor/3650.htm). Enter code 818 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 52.

### **Historic Building Rehabilitation Credit 819**

An historic building rehabilitation credit is available for the rehabilita-

tion 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](http://www.in.gov/dnr/historic) and see Income Tax Information Bulletin #87 at [www.in.gov/dor/3650.htm](http://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 52.

### **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](http://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 52 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

### **Hoosier Business Investment Credit – Logistics 860**

This credit is for qualified expenditures for certain logistics investments.

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, and get Income Tax Information Bulletin #95 at [www.in.gov/dor/3650.htm](http://www.in.gov/dor/3650.htm) for additional information.

**Note.** See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 52 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

### **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](http://www.in.gov/dor/4570.htm).

Enter code 822 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 52.

### **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 52.

### **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/>.

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

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 52 for additional limitations.

### **Maternity Home Credit 825**

Any unused amount of a maternity home credit awarded before 2012 is available to be claimed on the 2014 state tax return.

**Note.** See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 52 for additional limitations.

Enter code 825 under line 6 if claiming this credit.

### **Military Base Investment Cost Credit 826**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

**Note.** See the **Combined Limitation** on page 52 for additional limitations.

Enter code 826 under line 6 if claiming this credit.

### **Military Base Recovery Credit 827**

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed.

**Note.** See the **Combined Limitation** on page 52 for additional limitations.

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.

### **Natural Gas Commercial Vehicle Credit 858**

A credit is available for the purchase of certain vehicles powered with natural gas (CNG or LNG). It applies only to vehicles weighing more than 33,000 pounds and purchased from an Indiana dealer.

To be eligible for the credit a dealer or purchaser must complete the Commercial Natural Gas Vehicle Credit form (Form NGV-C), found at [www.in.gov/dor/5051.htm](http://www.in.gov/dor/5051.htm), and file it with the department. For more information about this credit, get Income Tax Information Bulletin #109.

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

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

**Note.** See the **Combined Limitation** on page 52 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.

**Important.** 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 52.

### **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 its 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](http://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 52.

### **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 52.

### **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](http://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](http://www.in.gov/dnr/historic). Enter code 831 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 52.

### **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.

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 52.

### **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 \$7.5 million in credits per state fiscal year (July 1 – June 30). Beginning Jan. 1, 2014, this credit can now be carried forward for nine years after the unused credit year.

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/choice/school-scholarships](http://www.doe.in.gov/choice/school-scholarships) for additional information.

The approved credit must be reported on Schedule IN-OCC, found at [www.in.gov/dor/5174.htm](http://www.in.gov/dor/5174.htm). Make sure to enclose this schedule with your tax filing. Also, see the **Combined Limitation** on page 52.

### **Small Employer Qualified Wellness Program Credit 843**

Any unused amount of a small employer qualified wellness program credit awarded before 2012 is available to be claimed on the 2014 state tax return.

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

A copy of the certificate issued by the State Department of Health ([www.in.gov/isdh](http://www.in.gov/isdh)) must be kept with your records as the department can require you to provide this information.

Enter code 843 under line 6 if claiming this credit. See the **Combined Limitation** on page 52.

### **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/5174.htm](http://www.in.gov/dor/5174.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** below.

### 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** below and the **Combined Limitation** below for additional limitations.

### 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 subject to this limitation are the Alternative Fuel Vehicle Manufacturer Credit, Community Revitalization Enhancement District Credit, Enterprise Zone Investment Cost Credit, Hoosier Business Investment Credit, Industrial Recovery Credit, and the Venture Capital Investment Credit. Apply this restriction first when figuring your credits. Then apply the **Combined Limitation** below.

**Combined Limitation:** There is one final limitation if you have more than one credit to be entered on lines 4 through 7 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 Industrial Recovery 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 Industrial Recovery Credit on line 6b. He will carry the \$400 remaining unused Industrial Recovery 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 2014 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](http://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 2014, 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 2014.

## 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 2014?"

#### 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, 2015, and filing your Form IT-40PNR by April 15, 2015, **or**
- Filing your Form IT-40 by March 2, 2015, 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 2014, 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, 2014, would be entered as 01/09/2014. See instructions on page 7 for more information.

**Note:** If the taxpayer and/or spouse died before 2014, or after Dec. 31, 2014, but before filing his or her tax return, do not enter his/her date of death in this box.

## Line 5 – Telephone Number and Email 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 email address if you would like us to be able to contact you by email.

## 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 <http://www.in.gov/dor/5174.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

If you live or work in an Indiana county as of January 1 of the tax year, you will probably owe county tax. Complete the county tax Schedule CT-40PNR to figure if you owe, and how much it will be.

## County Where You Lived Defined

The county where you lived is the county where you maintained your home on Jan. 1, 2014. If you had more than one home on this date, then your county of residence as of Jan. 1, 2014, 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 2014.

## Did You Move During The Year?

If you moved to another Indiana county (or out-of-state) after Jan. 1, 2014, the county where you lived for tax purposes will not change *until the next year*.

## 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 as of Jan. 1, 2014. If you began working in another county (or out of state) after Jan. 1, 2014, the county where you worked for tax purposes *will not change until next year*.

*Example.* Jessie worked in Marion County, Indiana, on Jan. 1, 2014. She quit that job and began a new one in Johnson County, Indiana, on Feb. 10, 2014. 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, 2014, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2014, 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, 2014, enter their two-digit code number (instead of 00):

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

## Principal Employment Income

You must figure your principal employment income if, on Jan. 1, 2014, you lived out-of-state and were employed in an Indiana county. Your principal employment income is income you earned from your main Indiana work activity (job) for the entire year. See instructions for Section 2, line 1 on page 55 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, 2014, 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, 2014, 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, 2014, 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 Indiana counties on Jan. 1, 2014, you need to figure your county tax separately on Section 1.
- If both of you lived out-of-state on Jan. 1, 2014, but worked in different Indiana counties, 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, 2014? 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, 2014? 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, 2014, enter in Column A the state taxable income from line 7 of Form IT-40PNR. Leave Column B blank.

*Example.* On Jan. 1, 2014, Jack and Diane lived in the same Indiana county. 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, 2014, enter each person’s share of state taxable income from Form IT-40PNR, line 7, in the appropriate columns.

*Example.* Simon and Tina married in 2014 and are filing a joint return. On Jan. 1, 2014, 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.

**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 *County Resident Rate* column and enter it here.

**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.

## County Tax Schedule CT-40PNR

### Section 2: Line-By-Line Instructions

Complete Section 2 if, as of Jan. 1, 2014, you were a non-Indiana resident and you worked in an Indiana county.

**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** in the next column). This includes income from wages, tips, salaries and commissions; net self-employment income from federal Schedule C/C-EZ; federal Form 1065, Schedule K-1; and/or net farm income from federal Schedule F. Do not include passive-source income like nonbusiness interest and dividends, pension, capital gains, farm rental, 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 2014, 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 as of Jan. 1, 2014. 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, 2014).

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 on page 56.

**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:** 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. Jane 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 9 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 *County 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.



# 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					
<b>Adams</b>		<b>Dearborn</b>		<b>Gibson</b>	<b>Huntington</b>
0015 Adams Central Comm		1560 Sunman-Dearborn Comm		2725 East Gibson Sch Corp	3625 Huntington Co Comm
0025 North Adams Community		1600 South Dearborn Comm		2735 North Gibson Sch Corp	
0035 South Adams Schools		1620 Lawrenceburg Comm		2765 South Gibson Sch Corp	
<b>Allen</b>		<b>Decatur</b>		<b>Grant</b>	<b>Jackson</b>
0125 M.S.D. Southwest Allen Co		1655 Decatur Co Community		2815 Eastbrook Community	3640 Medora Community
0225 Northwest Allen County		1730 Greensburg Community		2825 Madison-Grant United	3675 Seymour Community
0235 Fort Wayne Community				2855 Mississinewa Community	3695 Brownstown Central Comm
0255 East Allen County		<b>DeKalb</b>		2865 Marion Community	3710 Crothersville Community
<b>Bartholomew</b>		1805 DeKalb County Eastern		5625 Oak Hill United	
0365 Bartholomew Consolidated		Community Sch Dist		<b>Greene</b>	<b>Jasper</b>
0370 Flatrock-Hawcreek		1820 Garrett-Keyser-Butler		2920 Bloomfield School District	3785 Kankakee Valley
4215 Edinburgh Community		Community		2940 Eastern School District	3815 Rensselaer Central
<b>Benton</b>		1835 DeKalb County Central		2950 Linton-Stockton Sch Corp	6630 West Central Sch Corp
0395 Benton Community		United Sch Dist		2960 MSD Shakamak Schools	8535 Tri-County Sch Corp
5995 South Newton		7610 Hamilton Community		2980 White River Valley School	
8535 TriCounty				District	<b>Jay</b>
<b>Blackford</b>		<b>Delaware</b>			3945 Jay Sch Corp
0515 Blackford Community		1875 Delaware Community		<b>Hamilton</b>	<b>Jefferson</b>
<b>Boone</b>		1885 Wes-Del Community Schools		3005 Hamilton Southeastern	3995 Madison Consolidated
0615 Western Boone County		1895 Liberty-Perry Community		3025 Hamilton Heights Sch Corp	4000 Southwestern Jefferson
0630 Zionsville Community Schools		1900 Cowan Comm Sch Corp		3030 Westfield-Washington Schools	Consolidated
0665 Lebanon Community Sch Corp		1910 York Town Community		3055 Sheridan Comm Sch Corp	<b>Jennings</b>
3055 Sheridan Community Sch Corp		School District		3060 Carmel Clay Schools	4015 Jennings County Schools
<b>Brown</b>		1940 Daleville Community Schools		3070 Noblesville Schools	
0670 Brown County Sch Corp		1970 Muncie Community Schools			<b>Johnson</b>
<b>Carroll</b>		<b>Dubois</b>		<b>Hancock</b>	4145 Clark-Pleasant Comm
0750 Carroll Consolidated Sch Corp		2040 Northeast Dubois County		3115 Southern Hancock Co	4205 Center Grove Community
0755 Delphi Community Sch Corp		2100 Southeast Dubois County		Community Sch Corp	4215 Edinburgh Community
1180 Rossville Consolidated		2110 Southwest Dubois County		3125 Greenfield Central Comm	4225 Franklin Community
8565 Twin Lakes Sch Corp		2120 Greater Jasper Consolidated		3135 Mt Vernon Community	4245 Greenwood Community
<b>Cass</b>		<b>Elkhart</b>		3145 Eastern Hancock County	4255 Nineveh-Hensley-Jackson
0815 Southeastern Sch Corp		2155 Fairfield Comm Schools		Community Sch Corp	United
0875 Logansport Community		2260 Baugo Community Schools		<b>Harrison</b>	<b>Knox</b>
0775 Pioneer Regional Sch Corp		2270 Concord Community Schools		3160 Lanesville Community	4315 North Knox Sch Corp
2650 Caston Sch Corp		2275 Middlebury Community Schools		3180 North Harrison Comm	4325 South Knox Sch Corp
<b>Clark</b>		2285 Wa-Nee Community Schools		3190 South Harrison Comm	4335 Vincennes Community
0940 West Clark Community		2305 Elkhart Community Schools		1300 Crawford Co Community	
1000 Clarksville Community		2315 Goshen Community Schools		<b>Hendricks</b>	<b>Kosciusko</b>
1010 Greater Clark County		<b>Fayette</b>		3295 North West Hendricks	4345 Wawasee Community
<b>Clay</b>		2395 Fayette County Sch Corp		3305 Brownsburg Community	4415 Warsaw Community
1125 Clay Community Schools		<b>Floyd</b>		3315 Avon Community Sch Corp	4445 Tippecanoe Valley
2960 MSD Shakamak Schools		2400 New Albany-Floyd		3325 Danville Community	4455 Whitko Community
<b>Clinton</b>		County Consolidated Sch Corp		3330 Plainfield Community	2285 Wa-Nee Community
1150 Clinton Central Sch Corp		<b>Fountain</b>		3335 Mill Creek Community	5495 Triton Sch Corp
1160 Clinton Prairie Sch Corp		2435 Attica Consolidated Sch Corp		<b>Henry</b>	<b>LaGrange</b>
1170 Frankfort Community		2440 Covington Community		3405 Blue River Valley Schools	4515 Prairie Heights Comm
1180 Rossville Consolidated		2455 Southeast Fountain		3415 South Henry Sch Corp	4525 Westview Sch Corp
<b>Crawford</b>		<b>Franklin</b>		3435 Shenandoah School Corp	4535 Lakeland Sch Corp
1300 Crawford Co. Community		2475 Franklin Co Community		3445 New Castle Community	
<b>Daviess</b>		6895 Batesville Community		3455 C A Beard Memorial Sch Corp	<b>Lake</b>
1315 Barr-Reeve Community		7950 Union County		6795 Union Sch Corp	4580 Hanover Community
1375 North Daviess Comm Sch		<b>Fulton</b>		8305 Nettle Creek Sch Corp	4590 River Forest Community
1405 Washington Community		2645 Rochester Community		<b>Howard</b>	4600 Merrillville Comm Schls
		2650 Caston Sch Corp		3460 Taylor Community	4615 Lake Central Sch Corp
		4445 Tippecanoe Valley		3470 Northwestern Sch Corp	4645 Tri Creek Sch Corp
		5455 Culver Community		3480 Eastern Howard Comm	4650 Lake Ridge Schools
		6620 Eastern Pulaski		3490 Western Sch Corp	4660 Crown Point Community
				3500 Kokomo-Center Township	4670 School City of East Chicago
				Consolidated	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  
6375 North Central Parke Community School  
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

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Indiana Department of Revenue  
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This 2014 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

