2011
INDIANA
IT-40 Full-Year Resident
Individual Income Tax Instruction Booklet

Index found on pages 57, 58 and 59.

Future Developments
The Indiana Department of Revenue has created pages on the web for information about updates to Indiana's individual income tax returns and instructions.

Click here for updates to the student loan interest add-back. (Last updated Feb. 9, 2012)
Click here for updates to the Earned Income Credit calculation. (Last updated Feb. 9, 2012)
Click here for updates to Schedule IN-EIC: Indiana's Earned income Credit. (Last updated Feb. 9, 2012)

Get tax forms and schedules at
www.in.gov/dor/4546.htm

WAIT!

YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!

INfreefile

Before you turn the page, have you considered filing electronically?

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

More than 2 million Indiana taxpayers filed electronically in 2011. Consider the benefits of filing electronically:

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

For more information about the Indiana freefile program, see page 5.

www.freefile.dor.in.gov

SP# 265
(R8 / 10-11)

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.

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).

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.

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.

Military Personnel

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

2011 Changes

Free File

This tax season Indiana is offering a new free tax filing service through the cooperation of the Free File Alliance. See page 5 to find out if this free online filing service is right for you.

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

County tax

Indiana counties were allowed to adopt or increase their local income tax rates through October 31, 2011. This publication was finalized before that date. This means your county tax rate on the back of Schedule CT-40 may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing.

To get the updated list you may:

- Log on to the Department's website at www.in.gov/dor/4547.htm.
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

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

Other (current year conformity) add-back

Before this publication was finalized Indiana had not conformed to any changes to the Internal Revenue Code (IRC) that may have become law after January 1, 2011. Therefore, the IRC used to figure Indiana income may not be the same as the IRC used to figure federal income. This add-back is specific to these annual current year conformity issues. See page 15 for more information.

Earned income credit change

The way to figure Indiana's earned income credit has changed. See the instructions for Schedule 5: Credits, Line 5, beginning on page 27. You will need to complete Worksheet A or Worksheet B and Schedule IN-EIC to figure your credit.

Additional exemption for dependent child: new filing requirement

The new Schedule IN-DEP: Additional Dependent Child Information must be completed when claiming an additional dependent child exemption. See page 24 for more information.

Private school/homeschool deduction

A deduction may be available for expenses related to a child attending a private school or homeschool. See instructions beginning on page 23 for more information.

New add-backs and change to reporting method

The 2011 Indiana General Assembly did not adopt several provisions of the Internal Revenue Code. This is a list of those provisions (add-backs) that apply to tax years beginning after December 31, 2009*. See the instructions beginning on page 13 for detailed information about each add-back and how to report it.

- Certain trade or business deductions based on employment of unauthorized alien (for tax years beginning in 2011)
- Educator expense
- Employer-provided educational expenses
- IRA charitable distribution
- Motorsports entertainment complex
- Oil and gas well depletion deduction
- Qualified advance mining safety equipment
- Qualified electric utility amortization
- Qualified environmental remediation costs
- Qualified leasehold improvement property
- Qualified transportation fringe expenses
- RIC dividends to nonresident aliens
- Start-up expenditures
- Student loan interest
- Tuition and fees

*__Important.__ If you should have reported any of these add-backs on your 2010 Indiana state tax return and have not yet done so, you are not required to file an amended tax return for 2010. Instead, you may elect to report the add back on your 2011 tax return. See the instructions for the add-back(s) in question for details.

Certain offset credit changes
Changes have been made to several state offset credits, including:

- Employer health benefit plan credit
- Industrial recovery account credit
- Maternity home credit
- Small employer qualified wellness program credit
- Teacher summer employment credit
- Venture capital investment credit

See instructions for these credits beginning on page 39 for more information.

Net operating loss carryback ends
No longer may a net operating loss be carried back. Get Schedule IT-40NOL at www.in.gov/dor/4546.htm for more information.

Indiana advance earned income credit ends
No longer will Indiana employers advance the Indiana earned income credit.

Energy Star credit ends
The Energy Star credit has expired and is no longer available.

Need Tax Forms or Information Bulletins?

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

Use your telephone
Call the forms order request line (317) 615-2581 to have forms mailed to you. Have the following information ready to leave on the voice mail system:

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

Visit a district office, library or post office
Tax forms are available at district offices located throughout the state. These offices are open Monday - Friday, 8 a.m. to 4:30 p.m. Visit www.in.gov/dor/3390.htm for a list of these offices, including addresses and telephone numbers. Also, contact your library or post office to find out if they stock any state tax forms.

Need Help With Your Return?

Local help
For help, visit any of the district offices (www.in.gov/dor/3390.htm) or take advantage of the IRS Volunteer Return Preparation Program (VRPP). This program offers free tax return help to low income, elderly and special needs individuals. Volunteers will fill out federal and state forms for those who qualify. Call the IRS at 1-800-829-1040 to find the nearest VRPP location. Be sure to take your W-2s, 1099s and a copy of last year's state and federal tax returns. If you are going to a district office, also take a copy of your completed federal tax return.

Automated information line
Call the automated information line at (317) 233-4018 to get the status of your refund, billing 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 address
If you need help deciding which form to file, or need to get information bulletins or policy directives on specific topics, visit our website at www.in.gov/dor.

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

Ready To File Your Return?

Use an electronic filing program
More than 1.9 million Hoosier taxpayers used an electronic filing program to file their 2010 state and federal individual income tax

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

Free File

This tax season Indiana is offering a new free tax filing service through the cooperation of the Free File Alliance.

Eligible Indiana taxpayers are now able to 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.

Twenty-three states will be using the Free File option in 2012. And, you have the selection of multiple vendors to use for this free service. The Department of Revenue estimates that more than 400,000 Indiana taxpayers will be eligible for this free service. You may be one.

Take a look at this new service by visiting www.freefile.dor.in.gov. See if you are eligible to participate.

Our website

Our website offers tax filing options, **a Spanish version of the IT-40 booklet with forms**, downloadable blank forms and instructions, information bulletins, commissioner's directives, an online helpdesk, helpful e-mail links and a calendar with filing due dates. Visit the Department's website at www.in.gov/dor.

Where's your refund?

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

- Call (317) 233-4018 for automated refund information.
- Go to www.in.gov/dor/3336 and click on the words *Where's my refund?*
- Call (317) 232-2240 from 8 a.m. to 4:30 p.m. Monday - Friday, and a representative will help you.

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

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

Moving?

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

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

- Go to www.in.gov/dor/3336 and click on the words *How do I change my mailing address with the Department?*
- Call the Department at (317) 232-2240.

Filing an amended (corrected) tax return

Did you receive a lateW-2 or other kind of income statement after you filed? Did you forget to claim an exemption or deduction? If you need to amend (correct) a tax return that has already been filed, use Form IT-40X, Amended Individual Income Tax Return, located at www.in.gov/dor/4546.htm.

Public Hearing - June 5, 2012

The Department will hold a public hearing on June 5, 2012. The hearing will be held at 9 a.m. in Conference Room 1 of the Conference Center, Indiana Government Center South, 402 West Washington Street, Indianapolis, Ind. You may also submit your questions or comments in writing to: Indiana Department of Revenue, Commissioner's Office, MS# 101, 100 North Senate Avenue, Indianapolis, IN, 46204.

Before You Begin

Important. You must complete your federal tax return first.

Filling in the boxes – please use ink only

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

Social Security Number

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

Individual Taxpayer Identification Number (ITIN)

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

Name and suffix

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

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

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

- Use JR for junior and SR for senior.
- Numeric characters must be replaced by alphabetic 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.

P.O. Box

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

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 2011, you may have qualified for and filed as 'head of household' on your federal income tax return. If you did, do not check the married filing separately box. Also, do not enter either your spouse's name or Social Security number.

Military address

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

Zip/Postal code

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

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

Foreign country code

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

School corporation number

Enter the four-digit school corporation number (found on pages 55 and 56) for where the primary taxpayer lived on Jan. 1, 2011. 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, 2011, 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, 2011. You can find these code numbers on the chart found on the back of the Schedule CT-40. See the instructions beginning on page 51 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.

Refund check address

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

Rounding required

Each line on which an amount can be entered has " .00" already filled-in. This is to remind you that rounding is 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 and 1099s 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 tax return, you must file a joint tax return with Indiana. If you and your spouse file separate federal tax returns, you must file separate tax returns with Indiana.

There are four types of Indiana 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.

Full-year residents

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 an Indiana tax return.

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 2011 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, have any add-backs or other deductions or credits, you must file Form IT-40.

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

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

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

Indiana allows $1,000 for each exemption claimed on your federal return, plus an additional $1,500 for certain dependent children (see instructions on page 24 for more information). If you did not have to file a federal return, you should complete a "sample" federal return to see how many exemptions you are eligible to claim.

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

Part-year residents and full-year nonresidents

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

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

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

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

Deceased taxpayers

If an individual died during 2011, or died after Dec. 31, 2011, 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 7. For example, a date of death of Jan. 9, 2011, would be entered as 01/09/2011. Note. The date of death should not be entered here if the individual died after Dec. 31, 2011, but before filing the tax return. The date of death information will be shown on the individual's 2012 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 please keep a copy with your records.

A refund check for a deceased individual

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

Military personnel — residency

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

If you changed your legal residence (military home of record) during 2011, you are a part-year resident and should file Form IT-40PNR. You must also enclose a copy of Military Form DD-2058 with 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 51 for an explanation of county of residence for military personnel.

When Should You File?

Your tax return is due April 17, 2012. If you file after this date, you may have to pay interest and/or 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 17, 2012, 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 17, 2012.

If you owe…
You must file Form IT-9 (Application for Extension of Time to File) and send in a payment of at least 90 percent of the tax you expect to owe. This must be filed and tax paid by April 17, 2012, for the extension to be valid.

If you don't owe…
You'll still need to file for an extension if:

- You are due a refund, or
- You don't expect to owe any tax when filing your tax return, and
- You are unable to file your return by April 17, 2012.

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 17, 2012.

Extension filing deadline.

- State Form IT-9 extends your state filing time to June 15, 2012.
- Federal Form 4868 extends your state filing time to Nov. 19, 2012.
- If you have both extensions (state and federal), your state filing time to file is Nov. 19, 2012.

Will you owe penalty and/or interest?
Interest is owed on all amounts paid after April 17, 2012. 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 17, 2012,
- Filed your tax return within the extension filing time, and
- Paid any remaining amount due with that filing.

Indiana's Extension of Time to File, Form IT-9
Get Indiana's extension Form IT-9, and mail it (including any payment due) by April 17, 2012. You may get Form IT-9 online at www.in.gov/dor/4546.htm. You may also file for an extension (if making a payment) online at www.in.gov/dor/4340.htm (make sure to do this by April 17, 2012).

Where to report your extension payment.
Add your state extension payment to any estimated tax paid. Report it on Schedule 5, line 3.

Remember, 90 percent of the tax due to Indiana must still be paid by April 17, 2012. Interest will be due on any tax that remains unpaid during the extension period.

Military personnel on duty outside of the United States and Puerto Rico on the filing due date are allowed an automatic 60 day extension of time to file. A statement must be enclosed with the return verifying that you were outside of the United States or Puerto Rico on April 17, 2012.

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

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

Form IT-40: Line-by-line instructions

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

When not to fill in a line

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

Line 1 – Federal adjusted gross income

Enter the **adjusted gross income** from your federal Form 1040 (line 37), 1040A (line 21), or 1040EZ (line 4). If you were not required to file a federal return, complete a "sample" federal return and report the amount you would have shown on your federal return if you had been required to file.

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

Line 2 – Add-backs

Enter on this line any add-backs from Schedule 1: Add-Backs. Instructions for Schedule 1 begin on page 13. Make sure to enclose Schedule 1 when filing.

Line 4 – Deductions

Enter on this line any deductions from Schedule 2: Deductions. Instructions for Schedule 2 begin on page 17. Make sure to enclose Schedule 2 when filing.

Line 6 – Exemptions

Enter any exemptions from Schedule 3: Exemptions on this line. Instructions for Schedule 3 begin on page 24. Make sure to enclose Schedule 3 when filing.

Line 9 – County tax

Complete Schedule CT-40 to figure your county tax. Instructions for Schedule CT-40 begin on page 51.

Line 10 – Other taxes

Enter any other taxes from Schedule 4: Other Taxes on this line. Instructions for Schedule 4 begin on page 25. Make sure to enclose Schedule 4 when filing.

Line 12 – Credits

Enter your credits from Schedule 5: Credits on this line. Instructions for Schedule 5 begin on page 26. Make sure to enclose Schedule 5 when filing.

Line 13 – Offset credits

Enter any offset credits from Schedule 6: Offset Credits on this line. Instructions for Schedule 6 begin on page 39. Make sure to enclose Schedule 6 when filing.

Line 17 – Contribution to Indiana Nongame Wildlife Fund

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

Enter the amount of your refund you wish to donate to the Nongame Wildlife Fund on line 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 can send a donation directly to the Nongame Fund by completing the form on the back of this booklet.

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

Note. The Department may examine your return and find that your actual overpayment or refund is less than you calculated. If you entered a donation to the Indiana Nongame Wildlife Fund *and* wish to apply some of your overpayment to your 2012 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 2012 estimated tax installment payment

You should pay estimated tax if you expect to have income during the 2012 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/4546.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, 2012, 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 2012 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 2012 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 2012 tax year are due by April 17, 2012, June 15, 2012, Sept. 17, 2012 and Jan. 15, 2013. 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 17, 2012, will be considered to be a 2012 first installment payment; June 3, 2012, will be considered to be a 2012 second installment payment; and July 22, 2012, will be considered to be a 2012 third installment payment.

Note. If you are filing this return *after* Jan. 15, 2013, 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. 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 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 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-40, line 20.

*You must have timely paid 100 percent of lines 8 and 9 of your 2010 IT-40. Note: If last year's **Indiana adjusted gross income** was more than $150,000 ($75,000 for married filing separately), you must pay 110 percent of last year's tax (instead of 100%).

**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 IT-2210A?

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

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

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

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

Example. Bill's income is from selling fireworks in June and July. He will want to figure any penalty due on Schedule IT-2210A, which may exempt him from having had to pay estimated tax on the April 17, 2011, first installment due date.

Example. Rachael received a sizeable lump sum distribution in Dec. of 2011. She figured how much estimated tax was due, and paid it by the Jan. 15, 2012, 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 2010 or 2011 was from farming or fishing.

Option 1. Pay your estimated tax in one payment on or before Jan. 17, 2012, and file your tax return by April 17, 2012; or

Option 2. Make no estimated tax payment and file your tax return and pay all the tax due by March 1, 2012.

Example. More than two-thirds of Henry's gross income is from farming. He should complete Schedule IT-2210 (not Schedule IT-2210A). 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/4546.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. No refund will be issued if the overpayment is less than one dollar.

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 under the Line 19 instructions on page 10.

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

A note about refund offsets

Indiana law requires that money you owe to the state, its agencies and certain federal agencies be deducted from your refund or credit before a refund is issued. This includes money owed for past-due taxes, student loans, child support, food stamps or an IRS levy. If the Department applies your refund to any of these debts, you will receive a letter explaining the situation.

Note. There is a **statute of limitations** on filing refund claims. When filing your 2011 tax return, a claim for refund of excess withholding credits must be made no later than April 17, 2014. A claim for refund of all other excess payments and refundable credits must be made by April 17, 2015. (The claim is considered to be made on the day your tax return is postmarked.) If you file your 2011 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 22 a, b, c and d.

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

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

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

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

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

If you currently have a **Hoosier Works MasterCard** and wish to have your refund directly deposited in your account, enter your 12-digit account number on line 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.

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

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:

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

Line 24 – Penalty
You will probably owe a penalty if your tax return is filed after the April 17, 2012, due date and you have an amount due. Penalty is 10 percent (.10) 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 17, 2012.

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 17, 2012, 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 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 and follow the step-by-step instructions. You will receive a confirmation number and should keep this with your tax filing records. The fee for using this service is $1.

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

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

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

Payment plan option. If you cannot pay the full amount due at the time you file, you may be eligible to set up a payment plan online.

After you get a tax bill, log on to https://www.intaxpay.in.gov/Web/Default.aspx and follow the directions

Important. If using the payment plan option, penalty and interest will be due on all amounts paid after the April 17, 2012, due date.

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

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

Signatures and signing dates
First, read the Authorization area on Schedule 7. 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 7 when filing.

Unresolved Problems?

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

For more information, and to get required schedules if filing for an offer in compromise or a hardship case, visit our website at: www.in.gov/dor/3883.htm. You may also contact the Office of the Taxpayer Advocate directly at taxpayeradvocate@dor.in.gov, or by telephone at (317) 232-4692. Submit supporting information and documents to: Indiana Department of Revenue, Office of the Taxpayer Advocate, P.O. Box 6155, Indpls., 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 1: 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 add-backs, maintain with your records the corresponding federal tax forms and schedules as the Department can require you to provide them at a later date.

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 – Net operating loss add-back

Any net operating loss (NOL) deduction taken on line 21 of your federal Form 1040 must be added back on this line. Write the amount of the net operating loss as a **positive** figure. (You will claim an Indiana net operating loss deduction on Schedule 2, under line 11.)

Note. If your federal adjusted gross income this year is a loss, and you have not included a net operating loss as a deduction on line 21 of your 2011 federal Form 1040, then leave this line blank.

Line 3 – Lump sum distribution

If you completed federal Form 4972, add any capital gains reported on Part II and any ordinary income reported on Part III of federal Form 4972. Enter the total here as a positive amount.

Line 4 – Domestic production activities add-back

If you claimed a domestic production activities deduction on your federal Form 1040, line 35, enter that amount here.

Line 5 – Bonus depreciation add-back

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

Figure the net income (or loss) which would have been included in federal adjusted gross income had the bonus depreciation method not been used. Then, enter the difference, which may be a positive or negative amount, on line 5.

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 5.

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

Line 6 – Section 179 expense add-back

You may have figured an IRC Section 179 expense using a ceiling of 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 line 6.

Line 7 – Other Add-Backs

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

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

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

Change to add-back reporting method

The 2011 Indiana General Assembly did not conform to several provisions within the Internal Revenue Code that were included in federal adjusted gross income as of Jan. 1, 2011. Therefore, these provisions must be added back on the state tax return. These add-backs must be reported in tax years beginning after Dec. 31, 2009. Many individuals have filed amended 2010 state tax returns to report the add-backs; several filing under extension reported the add-backs when they filed.

For those who have yet to report these add-backs for 2010 and do not wish to file an amended return, Indiana has a new policy as to how they may be reported. Specifically, you can choose to report the required add-back(s) for 2010 on your 2011 state tax return.

As you are reviewing the add-backs in this section you'll see which ones may need to be added back for the 2010 tax year. They will use a code that begins with "3". For instance, if you need to add back an educator expense for 2010, you will use code 324. If you need to add it back for 2011, you will use code 124.

Certain trade or business deductions based on employment of unauthorized alien (beginning in tax year 2011) add-back 132

For a taxable year beginning after June 30, 2011, 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 1 under line 7 if reporting this add-back for the 2011 tax year.

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 1 under line 7 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.

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 1 under line 7 if reporting this add-back.

Educator expense add-back 124 (324 for 2010*)

If you claimed a deduction for the educator expenses under Section 62(2)(D) of the Internal Revenue Code on Form 1040, line 23, or Form 1040A, line 16, you must add the amount back.

Enter code 124 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 324 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Employer-provided educational expenses add-back 125 (325 for 2010*)

Add any amount not included in your gross income under section 127 of the Internal Revenue Code for employer-provided education expenses (gross income of an employee does not include expenses paid by the employer for educational assistance to the employee up to a maximum of $5,250).

Enter code 125 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 325 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

IRA charitable distribution add-back 122 (322 for 2010*)

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

Enter code 122 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 322 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Motorsports entertainment complex add-back 130 (330 for 2010*)

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

Enter code 130 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 330 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Oil and gas well depletion deduction add-back 134 (334 for 2010*)

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

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

Enter code 134 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 334 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Other (current year conformity) add-back 120

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

This add-back is specific to these annual current year conformity issues. If uncertainty exists as to whether or not Indiana will adopt some or all of the federal legislation passed during 2011 that acts to reduce 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 2009 Schedule 1, line 12. The adjustment going forward should be reported on the 2011 Schedule 1, line 7, using the 3-digit code 111.

If the state legislature does not conform to federal code changes enacted after January 1, 2011, you may have to amend your return at a later date to reflect any differences between Indiana and federal law. You may wish to periodically check the Department’s homepage at www.in.gov/dor for updates.

Enter code 120 on Schedule 1 under line 7 if reporting this add-back.

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

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

Enter code 126 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 326 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

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 1 under line 7 if reporting this add-back.

Qualified electric utility amortization add-back 135 (335 for 2010*)

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

Section 451(i)(3) of the IRC pertaining to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities. (The federal amendment provides that the sale or other disposition of property used by a qualified electric utility to an independent transmission company will allow the electric utility to elect to recognize gain from the transaction ratably over an eight year period beginning in the year of the sale if the amount realized from the sale is used to purchase exempt utility property within the applicable period. This amortization is disallowed for Indiana purposes for 2010 and 2011).

Enter code 135 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 335 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Qualified environmental remediation costs add-back 121 (321 for 2010*)

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

Enter code 121 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 321 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

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 1 under line 7 if reporting this add-back.

Qualified leasehold improvement property add-back 129 (329 for 2010*)

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

Enter code 129 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 329 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Qualified preferred stock add-back 113

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

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

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

Enter code 113 on Schedule 1 under line 7 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 1 under line 7 if reporting this add-back.

Qualified restaurant property add-back 108

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

Enter code 108 on Schedule 1 under line 7 if reporting this add-back.

Qualified retail improvement property add-back 109

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

Enter code 109 on Schedule 1 under line 7 if reporting this add-back.

Qualified transportation fringe expenses add-back 127 (327 for 2010*)

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

Enter code 127 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 327 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

RIC dividends to nonresident aliens add-back 133 (333 for 2010*)

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

Section 871(k)(1)(c) and section 871(k)(2)(C) of the IRC pertaining to the treatment of certain dividends of regulated investment companies received by nonresident aliens. (The federal amendment extends the rules exempting from gross basis tax and from withholding tax the interest related dividends and short term capital gain dividends received from a RIC by a nonresident alien.)

Enter code 133 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 333 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Start-up expenditures add-back 131 (331 for 2010*)

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

Enter code 131 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 331 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Student loan interest add-back 128

If you claimed a deduction for interest paid on qualified education loans under Section 221 of the IRC, add the amount, if any, by which the deduction you claimed exceeds the amount you would have been entitled to deduct prior to the enactment of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

Enter code 128 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

Tuition and fees add-back 123 (323 for 2010*)

If you claimed a deduction for qualified tuition and related expenses under Section 222 of the Internal Revenue Code on Form 1040, line 34, or Form 1040A, line 19, you must add the amount back. Enter code 123 on Schedule 1 under line 7 if reporting this add-back for the 2011 tax year.

*If you need to add this back for the 2010 tax year and have not yet done so (either when you filed your 2010 tax return or by filing an amended return), you may do so now. Just enter code 323 on Schedule 1 under line 7 if reporting this add-back for the 2010 tax year.

Schedule 2: Deductions

Line 1 – Renter's deduction

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

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

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

If you rented a manufactured home or paid rent for your manufactured home lot, you may claim the renter's deduction if the above requirements are met. Rent paid for summer homes or vacation homes is *not* deductible.

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

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

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

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

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

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

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

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

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

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

Line 2 – Homeowner's residential property tax deduction

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

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

Important. You cannot claim this deduction for property tax paid in 2011 if you are claiming the Lake County residential income tax credit on Schedule 5, line 6.

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

Example. Sue and Mack each owned their own home; they married in 2011. They sold both of their 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 send statements to homeowners showing how much property tax is due on their property. Add together the 2011 spring and fall installments, if you paid both of them. If you received just one installment statement this year for your 2011 property taxes, use the amount paid for that installment.

Sometimes mortgage companies pay the Indiana property tax from an escrow account. If your mortgage company pays it, they should send you a Form 1098 (or its equivalent) showing the amount of property tax paid. If you cannot locate the information, contact your local county treasurer's office or your mortgage company.

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

Line 3 – State tax refund reported on federal return

If you entered a state tax refund amount on line 10 of your federal Form 1040, then enter that amount here.

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

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

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

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

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

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

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

Indiana does not tax Social Security income or the railroad retirement benefits that are issued by the U.S. Railroad Retirement Board. To figure your deduction:

- Enter the amount from Form 1040, line 20b (Form 1040A, line 14b), on Indiana's Schedule 2, line 5.
- If you have included railroad retirement benefits that are issued by the U.S. Railroad Retirement Board on line 16b of your federal Form 1040, or on line 12b of your federal Form 1040A, then enter that amount on Indiana's Schedule 2, line 6.

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

Note. See the Railroad unemployment and sickness benefits deduction instructions on page 24 if you have received unemployment and/or sickness benefits from the Railroad Retirement Board.

Line 7 – Military service deduction

The income on line 1 of Form IT-40 may include active or reserve military pay. If it does, you will be able to take a deduction (regardless of your age).

Also, if you are retired from the military or are the surviving spouse of a person who was in the military, you may be able to take this deduction. You will be eligible if:

- You were at least 60 years of age by Dec. 31, 2011,
- You received military retirement or survivor's benefits in 2011, 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 2011, see the *National Guard and reserve component members deduction* on page 22.

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 initially tax $950. Jim should claim a $950 military deduction (the lesser of the income being taxed [$950] or $5,000).

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

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 $6,000 in military pay and $1,500 in retirement pay, you can deduct only $5,000 of your military income.

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

Line 8 – Non-Indiana locality earnings deduction

You may be allowed a deduction if you have income being taxed by a locality (local governmental unit) located in another state. A "locality" could be a city, county, parish, etc.

Example. You earned wages in Louisville, KY. Your employer withheld a Louisville city (locality) tax. 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 enclose 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.

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

Line 9 – Insulation deduction

You may be able to take this deduction if you installed new insulation in your Indiana home during 2011. Insulation includes weather stripping, double pane windows, storm doors and storm windows. To take this deduction the following requirements must be met:

- The insulating items must have been installed in your principal place of residence located in Indiana,
- The part of your home where the insulating items were installed must have been built *before* Jan. 1, 2008,
- The insulating items must be an *upgrade* and not a replacement **or** like-kind item (e.g., replacing a double pane window with a new double pane window won't qualify, but replacing a double pane window with a triple pane window will qualify), and
- The deduction must be taken in the year the insulating items were installed.

You are allowed to deduct the actual cost of the qualifying items, including labor, up to a maximum of $1,000.

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

- Item(s) purchased
- Purchase price
- Place of purchase
- Date of purchase
- Date of installation
- 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.

Unemployment Compensation Worksheet

Note: If you were married but filing separately, and you lived with your spouse at any time during 2011, enter -0- on line 3 of the worksheet. However, if you were married but filing separately, and lived apart from your spouse the entire year, enter $12,000 on line 3.

1. Unemployment compensation included on IT-40, line 1	1		
2. Federal adjusted gross income from Form 1040 (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 2, line 10	7		

Line 10 – Nontaxable portion of unemployment compensation

You may be eligible for a deduction if you reported unemployment compensation on your federal income tax return. Complete the worksheet above to see if you are eligible. Make sure to enclose your 1099G(s) if you claim the deduction.

***Important.** Do not include any unemployment compensation issued by the U.S. Railroad Retirement Board on line 2 of the worksheet. Instead, see the instructions for the *Railroad unemployment and sickness benefits* deduction on page 24 for more information.

Line 11 – Other deductions

Each of the following deductions has been assigned a three-digit code number. When claiming the deduction on Schedule 2 under line 11, write the name of the deduction, the three-digit code number and the amount claimed.

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

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

Airport development zone employee deduction 600

Certain areas within Indiana have been designated as airport development zones. If you lived in an airport development zone and worked for a qualified employer in that zone, you may be able to take this deduction.

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

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

Enter code 600 on Schedule 2 under line 11 if claiming this deduction.

Civil service annuity deduction 601

The income on line 1 of Form IT-40 may include federal civil service annuity payments. If it does, you may be able to take a deduction *if* you were at least 62 years of age by Dec. 31, 2011.

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

Example. Your civil service annuity is $6,000. Your Social Security income is $1,200. Here is 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.

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

Enter code 601 on Schedule 2 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, 2011, and
- Received disability retirement income during 2011.

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 enclosed with your tax return when claiming this deduction.

For more information about this deduction see Income Tax Information Bulletin #70 at www.in.gov/dor/3650.htm and Schedule IT-2440 at www.in.gov/dor/4546.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 on Schedule 2 under line 11 if claiming this deduction.

Enterprise zone employee deduction 603

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

Enterprise zones have been established in areas of certain cities/locations. Use this website to look up contact information for a particular enterprise zone: www.aiez.org/directory.html.

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

The amount of the deduction is one-half (½) of the earned income shown on Form IT-40QEC or $7,500, whichever is less. If you and your spouse both have received Form IT-40QEC, you may each take this deduction for a combined maximum of $15,000 (no more than $7,500 per qualifying person).

Enter code 603 on Schedule 2 under line 11 if claiming this deduction.

Human services deduction 605

The human services deduction is intended to eliminate any individual income tax 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
- Certified Christian Science facility.*

The goal of the human services tax deduction is to reduce the affected individual's adjusted gross income tax liability to zero (0).

*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 on Schedule 2 under line 11 if claiming this deduction.

Indiana lottery winnings deduction 606

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

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

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

Note. 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.

Enter code 606 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 14. Add the amounts from Box 1 of each of those W-2G's; enter total here .... B $ ________

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

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

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

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

G. Subtract line F from line A. Enter here and on Schedule 2 under line 11 .... G $ ________

Indiana net operating loss deduction 607

You may take a deduction for the Indiana portion of the federal net operating loss deduction (NOL) you added back on line 2 of Schedule 1. (This will be a net operating loss deduction from an earlier year(s) carried forward to 2011.) 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 on Schedule 2 under line 11 if claiming this deduction.

Indiana partnership long-term care policy premiums deduction 608

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

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

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

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

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

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

Example. Sam paid $645 in Indiana partnership long-term care premiums. He deducted $400 of those premiums on the front page of Form 1040. He should deduct the $245 difference ($645 - $400) on Indiana Schedule 2 under line 11.

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

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

Enter code 608 on Schedule 2 under line 11 if claiming this deduction.

Law enforcement reward deduction 611

You may be eligible for this deduction if you reported an amount you received as a reward as "other income" on line 21 of your federal Form 1040.

You may be able to deduct the *lesser* of the amount received or $1,000 if:

- You received a reward for providing information to a law enforcement official or agency,
- Your information assisted in the arrest, indictment or the filing of charges against a person, and
- You are not compensated for investigating crimes, the person convicted of the crime or the victim of the crime.

Enter code 611 on Schedule 2 under line 11 if claiming this deduction.

Medical savings account deduction 612

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

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

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

Enter code 612 on Schedule 2 under line 11 if claiming this deduction.

National Guard and reserve component members deduction 621 (also see the *Military service deduction* on page 19)

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

Who is eligible?

You must be a member of the reserve components of:

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

Or, a member of:

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

What is eligible to be deducted?

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

During the period you were deployed or mobilized for full time service, or

During the period your Indiana National Guard unit was federalized.

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

What is qualified military income?

Qualified military income is military wages paid:

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

Note. You cannot claim both this deduction and the *Military service deduction* (see page 19) based on the same income. See the following example.

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

- From January through Oct. 15, 2011, Brandon earned $6,000 from the guard.
- His unit was federalized on Oct. 16, 2011. He earned $7,000 from that point through Dec. 1, 2011.
- His unit was assigned to a combat zone on Dec. 2, 2011, 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 Schedule 2, line 7, based on the $6,000 income earned through October 15. Then, he will claim the National Guard and reserve components deduction of $7,000 (full amount of income earned after his unit was federalized) under line 11. Note: He will not deduct the $3,000 income earned while stationed in a combat zone because it was not taxed to begin with.

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

Enter code 621 on Schedule 2 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 2011 your deduction is:
(1) $1,000; multiplied by
(2) the number of qualified dependent children for whom you made education expenditures.

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

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

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

Examples.

- On Schedule 2 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

Qualified patents income exemption deduction 622

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

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

Complete Schedule IN-PAT and enclose with your tax return when claiming this deduction. You may get Schedule IN-Pat at www.in.gov/dor/4546.htm.

For more information about this deduction see Income Tax Information Bulletin #104 at www.in.gov/dor/3650.htm.

Enter code 622 on Schedule 2 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 your federal tax return, and
- You did not already deduct these benefits on Schedule 2, 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 2 under line 11 if claiming this deduction.

Recovery of deductions 616

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

Generally, Indiana **does not** allow you to claim itemized deductions from federal Schedule A. However, if you reported *recovered* itemized deductions as "other income" on line 21 of your federal Form 1040, enter that amount on this line.

A *recovery* is a return of an amount you deducted in an earlier year. The most common recoveries are refunds (see Schedule 2, line 3), reimbursements and rebates of deductions previously itemized on federal Schedule A.

Enter code 616 on Schedule 2 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
- $1000.

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 2 under line 11 if claiming this deduction.

Schedule 3: 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.

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: The new 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, 2011, or be a full-time student who is under the age of 24 by Dec. 31, 2011.

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 Olivia as an exemption on their federal return. Since Olivia is under the age of 19, John and Lisa will claim one exemption on line 2 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. 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/4546.htm). Indiana also honors the federal extension of time to file, Form 4868.

Exception. If your child was born and died in 2011, and you do not have an SSN for the child, you cannot file your Indiana tax return electronically. You must enclose a copy of the child's birth certificate, death certificate or hospital records when you file. The document must show the child was born alive.

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-40, line 1, 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.

Schedule 4: Other Taxes

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

If you have purchased items 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.

Sales/Use Tax Worksheet

List all purchases made during 2011 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-40, Schedule 4, line 1. If the amount is negative, enter zero and put no entry on Schedule 4, line 1	4	

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

Complete the worksheet on page 25 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 you paid cash wages during 2011 to an individual who is *not*

- Your spouse,
- Your child under age 21,
- Your parent,
- 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.

See Federal Publication 926, *Household Employer's Tax Guide,* for more information on how to define an employee. Visit www.irs.gov or call the IRS at 1-800-829-1040.

If you paid cash wages over $1,700 to a household worker who is your employee, or total cash wages of $1,000 or more in any calendar quarter of 2010 or 2011 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/4546.htm.

Line 3 – Indiana advance earned income credit payment (from W-2s)

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

Line 4 – 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 44 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. Get Schedule IN-529R at www.in.gov/dor/4546.htm to figure any amount to be recaptured.

Schedule 5: Credits

Lines 1 and 2 – Indiana state and county tax withheld

The amount of state tax withheld is usually shown in box 17 and the amount of county tax withheld is usually shown in box 19 of the W-2s. Indiana state withholding amounts may also be present on Form WH-18, 1099G and 1099R.

You **must** enclose your withholding statements with your tax return to verify amounts withheld. Failure to enclose all necessary withholding statements will result in a reduced refund or increase in the amount you owe.

- If you had more than one job, enclose withholding statements from each job so you can get credit for all Indiana state and county tax withheld.
- If you had Indiana state and/or county tax withheld on any other federal form, such as a W-2G, 1099G or 1099R, you must enclose the form with the tax return to get credit for the amounts withheld.
- If you are filing a joint return, be sure to include your spouse's withholding statements if they show Indiana state and/or county tax withholding amounts.
- 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.

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 – 2011 Estimated tax paid

If you made estimated tax payments, enter the total paid for 2011 on this line. Also, include any **extension payment** made with Form IT-9 "Extension of Time to File" for tax year 2011.

Note. Do not include on this line any estimated tax paid for tax year 2012.

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, 2011,
- If married and living together at any time during the year, you must file a joint return,
- The amount on line 1 of Form IT-40 must be *less than $10,000,*
- You must have been a resident of Indiana for six months or more during 2011, and
- You must not have been in prison for 180 days or more in 2011.

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

Important:

- If your spouse died after Jan. 1, 2011, 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-40, and you meet the requirements for claiming the Unified Tax Credit for the Elderly, do not file Form IT-40. Instead, file the simplified Form SC-40 to claim this credit.*

*Form SC-40 can be found at www.in.gov/dor/4546.htm. Or, call (317) 615-2581. You can claim the credit on either Form IT-40 or Form SC-40, but *file only one of these forms, and only file once.*

Note. You must file the Form IT-40 if you are eligible for the Lake County residential income tax credit. See line 6 instructions on page 38 for more information.

The deadline for claiming this credit is July 2, 2012.

The only exception to this rule is if you have a valid federal extension of time to file, Form 4868. Having a valid federal extension will allow you to claim this credit through Nov. 19, 2012. See *Extension of time to file – What if you can't file on time?* on page 8 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 2011, both were Indiana residents for at least six months and both were age 65 or older by Dec. 31, 2011, **or**
- Both you and your spouse met all the above-requirements and your spouse died after Jan. 1, 2011.

Table A
Joint Filers Both Age 65 or Older

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

Use Table B if:

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

- You are age 65 or older and are single or widowed,
- You are filing a joint return and only one is age 65 or older,
- You are filing a joint return and only one was an Indiana resident for at least six months, or you are married but did not live with your spouse during 2011, are age 65 or older and are married filing separately.

Table B
Only One Person Age 65 or Older

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

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

Line 5 Indiana's earned income credit (EIC)

The way to figure Indiana's earned income credit has changed. 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 $40,950. If it is the same amount or more, **STOP**. You are not eligible to claim Indiana's EIC.
- Schedule IN-EIC <u>must</u> be completed and enclosed by all filers claiming the EIC.
- No longer may this credit be claimed on Form IT-40EZ.
- Indiana's Publication EIC is available for additional information. It may be viewed online at www.in.gov/dor/4546.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 take the EIC:

- Follow the steps below.
- Complete the worksheet(s) that apply to you.
- Complete and enclose Schedule IN-EIC.

Step 1 All Filers

1. Did you claim an EIC on your 2011 federal tax return (on federal Form 1040, line 64a; Form 1040A, line 38a; or on Form 1040EZ, line 8a)?

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

2. If, in 2011:
   - 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $40,950?
   - 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $36,050?
   - No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $13,550?

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 $3,150?

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

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

No. STOP. You cannot take the credit.

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

4. Do any of the following apply for 2011?
   - You filed federal Schedule E.
   - You are claiming a loss on federal Form 1040 line, 12, 13 and/or 18.
   - You are reporting income or a loss from the rental of personal property not used in a trade or business.
   - You and/or spouse if married filing jointly received a distribution from a pension, annuity, IRA or Coverdell ESA that is not fully taxable.
   - You reported income on federal Form 1040, line 21, from federal Form 8814 (relating to election to report child's interest and dividends).

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

No. Go to Step 3.

Step 3 Qualifying Child

Did a child live with you in 2011?
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 29)

AND, was…

Under age 19 at the end of 2011 and younger than you (or your spouse, if filing jointly), or
Under age 24 at the end of 2011, a student (see page 30), and younger than you (or your spouse, if filing jointly), or
Any age and permanently and totally disabled (see page 30),

AND, who…

Is not filing a joint return for 2011, or is filing a joint return for 2011 only as a claim for refund,

AND, who…

Lived with you in the United States for more than half of 2011 or, if a foster child, for all of 2011. If the child did not live with you for the required time, see *Exception to "time lived with you"* on page 29.

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 2011, or the child was married, see page 30.

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 2011. If at least one qualifying child has a valid SSN (or was born and died in 2011), go to Step 5.

No. Continue to Step 4.

Step 4 Filers Without a Qualifying Child

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

Step 5 Modified Adjusted Gross Income (MAGI)

1. Add amounts from:
   Federal Form 1040 or Form 1040A, Line 8b + ___________
   Federal Form 1040EZ, amount entered in the space to the left of line 2 designated as "TEI" + ___________
   Federal Form 1040, line 37; Form 1040A, Line 21; 1040EZ, line 4 + ___________

   Modified Adjusted Gross Income = Box A ___________

2. If you have:
   - 2 or more qualifying children, is Box A less than $40,950?
   - 1 qualifying child, is Box A less than $36, 050?
   - No qualifying children, is Box A less than $13,550?

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

Step 6 Earned Income

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

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

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

Subtract, if included on line A above, any:

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

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

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

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

3. Were you self-employed at any time in 2011, 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 32.
No. *Continue.*

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

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

Step 7 How to Figure the Credit

1. Go to **Worksheet A** on page 31.

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 2011 if the child was born or died in 2011 and your home was this child's home for the entire time he or she was alive in 2011. 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 miliary stationed outside the United States, see *Members of the military* on page 30.

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 2011 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 2011, 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 2011 may treat that child as a qualifying child. The other person(s) cannot take the EIC for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule does not apply. If you have the highest MAGI, this child is your qualifying child. The child must have a Social Security number unless the child was born and died in 2011. Skip Step 4; go to Step 5 on page 28. If you do not have the highest MAGI, **STOP**; you cannot take the EIC. See Step 5 to figure your modified adjusted gross income.

> **Example.** You and your 8-year-old daughter moved in with your mother in 2009. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your MAGI for 2011 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.

Student. A student is a child who, during any 5 months of 2011, was enrolled as a full-time student at a school that has a regular teaching staff, course of study, and regular student body at the school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school does not include a technical, trade or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

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

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

Keep for your records

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

Part 1: All filers using Worksheet A

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

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

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

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

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

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

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

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

Part 3: Your Indiana earned income credit

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

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

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

Keep for your records

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

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

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

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

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

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

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

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

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

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

Part 4: All filers using Worksheet B

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

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

5. If you have:
   - 2 or more qualifying children, is line 4b less than $40,950?
   - 1 qualifying child, is line 4b less than $36,050?
   - No qualifying children, is line 4b less than $13,550?

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

No. STOP. You cannot take the credit.

Part 5: All filers using Worksheet B

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

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

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

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

No. Go to line 10.

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

10. If you have:
    - No qualifying children, is the amount on line 8 less than $7,600?
    - 1 or more qualifying children, is the amount on line 8 less than $16,700?

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

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

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

Part 7: Your Indiana earned income credit.

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

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

2011 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 –		
$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	1,000	7	30	35
1,000	1,050	7	31	37
1,050	1,100	7	33	39
1,100	1,150	8	34	41
1,150	1,200	8	36	42
1,200	1,250	8	37	44
1,250	1,300	9	39	46
1,300	1,350	9	41	48
1,350	1,400	9	42	50
1,400	1,450	10	44	51
1,450	1,500	10	45	53
1,500	1,550	10	47	55
1,550	1,600	11	48	57
1,600	1,650	11	50	59
1,650	1,700	12	51	60
1,700	1,750	12	53	62
1,750	1,800	12	54	64
1,800	1,850	13	56	66
1,850	1,900	13	57	68
1,900	1,950	13	59	69
1,950	2,000	14	60	71
2,000	2,050	14	62	73
2,050	2,100	14	63	75
2,100	2,150	15	65	77
2,150	2,200	15	67	78
2,200	2,250	15	68	80
2,250	2,300	16	70	82
2,300	2,350	16	71	84
2,350	2,400	16	73	86
2,400	2,450	17	74	87
2,450	2,500	17	76	89
2,500	2,550	17	77	91
2,550	2,600	18	79	93
2,600	2,650	18	80	95
2,650	2,700	18	82	96
2,700	2,750	19	83	98
2,750	2,800	19	85	100
2,800	2,850	19	86	102
2,850	2,900	20	88	104
2,900	2,950	20	90	105
2,950	3,000	20	91	107
3,000	3,050	21	93	109
3,050	3,100	21	94	111
3,100	3,150	22	96	113
3,150	3,200	22	97	114
3,200	3,250	22	99	116
3,250	3,300	23	100	118
3,300	3,350	23	102	120
3,350	3,400	23	103	122
3,400	3,450	24	105	123
3,450	3,500	24	106	125
3,500	3,550	24	108	127
3,550	3,600	25	109	129
3,600	3,650	25	111	131
3,650	3,700	25	112	132
3,700	3,750	26	114	134
3,750	3,800	26	116	136
3,800	3,850	26	117	138
3,850	3,900	27	119	140
3,900	3,950	27	120	141
3,950	4,000	27	122	143
4,000	4,050	28	123	145
4,050	4,100	28	125	147
4,100	4,150	28	126	149
4,150	4,200	29	128	150
4,200	4,250	29	129	152
4,250	4,300	29	131	154
4,300	4,350	30	132	156
4,350	4,400	30	134	158
4,400	4,450	30	135	159
4,450	4,500	31	137	161
4,500	4,550	31	138	163
4,550	4,600	31	140	165
4,600	4,650	32	142	167
4,650	4,700	32	143	168
4,700	4,750	33	145	170
4,750	4,800	33	146	172
4,800	4,850	33	148	174
4,850	4,900	34	149	176
4,900	4,950	34	151	177
4,950	5,000	34	152	179
5,000	5,050	35	154	181
5,050	5,100	35	155	183
5,100	5,150	35	157	185
5,150	5,200	36	158	186
5,200	5,250	36	160	188
5,250	5,300	36	161	190
5,300	5,350	37	163	192
5,350	5,400	37	164	194
5,400	5,450	37	166	195
5,450	5,500	38	168	197
5,500	5,550	38	169	199
5,550	5,600	38	171	201
5,600	5,650	39	172	203
5,650	5,700	39	174	204
5,700	5,750	39	175	206
5,750	5,800	40	177	208
5,800	5,850	40	178	210
5,850	5,900	40	180	212
5,900	5,950	41	181	213
5,950	6,000	41	183	215
6,000	6,050	41	184	217
6,050	6,100	42	186	219
6,100	6,150	42	187	221
6,150	6,200	42	189	222
6,200	6,250	42	190	224
6,250	6,300	42	192	226
6,300	6,350	42	194	228
6,350	6,400	42	195	230
6,400	6,450	42	197	231
6,450	6,500	42	198	233
6,500	6,550	42	200	235
6,550	6,600	42	201	237
6,600	6,650	42	203	239
6,650	6,700	42	204	240
6,700	6,750	42	206	242
6,750	6,800	42	207	244
6,800	6,850	42	209	246
6,850	6,900	42	210	248
6,900	6,950	42	212	249
6,950	7,000	42	213	251
7,000	7,050	42	215	253
7,050	7,100	42	216	255
7,100	7,150	42	218	257
7,150	7,200	42	220	258
7,200	7,250	42	221	260
7,250	7,300	42	223	262
7,300	7,350	42	224	264
7,350	7,400	42	226	266
7,400	7,450	42	227	267
7,450	7,500	42	229	269
7,500	7,550	42	230	271
7,550	7,600	42	232	273
7,600	7,650	41	233	275
7,650	7,700	41	235	276
7,700	7,750	41	236	278
7,750	7,800	40	238	280
7,800	7,850	40	239	282
7,850	7,900	40	241	284
7,900	7,950	39	243	285
7,950	8,000	39	244	287

2011 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is — At least	But less than	And you have — No children	One child	Two children
		Your credit is —		
8,000	8,050	39	246	289
8,050	8,100	38	247	291
8,100	8,150	38	249	293
8,150	8,200	38	250	294
8,200	8,250	37	252	296
8,250	8,300	37	253	298
8,300	8,350	37	255	300
8,350	8,400	36	256	302
8,400	8,450	36	258	303
8,450	8,500	36	259	305
8,500	8,550	35	261	307
8,550	8,600	35	262	309
8,600	8,650	34	264	311
8,650	8,700	34	265	312
8,700	8,750	34	267	314
8,750	8,800	33	269	316
8,800	8,850	33	270	318
8,850	8,900	33	272	320
8,900	8,950	32	273	321
8,950	9,000	32	275	323
9,000	9,050	32	276	325
9,050	9,100	31	278	327
9,100	9,150	31	279	329
9,150	9,200	31	279	330
9,200	9,250	30	279	332
9,250	9,300	30	279	334
9,300	9,350	30	279	336
9,350	9,400	29	279	338
9,400	9,450	29	279	339
9,450	9,500	29	279	341
9,500	9,550	28	279	343
9,550	9,600	28	279	345
9,600	9,650	28	279	347
9,650	9,700	27	279	348
9,700	9,750	27	279	350
9,750	9,800	27	279	352
9,800	9,850	26	279	354
9,850	9,900	26	279	356
9,900	9,950	26	279	357
9,950	10,000	25	279	359
10,000	10,050	25	279	361
10,050	10,100	25	279	363
10,100	10,150	24	279	365
10,150	10,200	24	279	366
10,200	10,250	23	279	368
10,250	10,300	23	279	370
10,300	10,350	23	279	372
10,350	10,400	22	279	374

If the amount you are looking up from the worksheet is — At least	But less than	And you have — No children	One child	Two children
		Your credit is —		
10,400	10,450	22	279	375
10,450	10,500	22	279	377
10,500	10,550	21	279	379
10,550	10,600	21	279	381
10,600	10,650	21	279	383
10,650	10,700	20	279	384
10,700	10,750	20	279	386
10,750	10,800	20	279	388
10,800	10,850	19	279	390
10,850	10,900	19	279	392
10,900	10,950	19	279	393
10,950	11,000	18	279	395
11,000	11,050	18	279	397
11,050	11,100	18	279	399
11,100	11,150	17	279	401
11,150	11,200	17	279	402
11,200	11,250	17	279	404
11,250	11,300	16	279	406
11,300	11,350	16	279	408
11,350	11,400	16	279	410
11,400	11,450	15	279	411
11,450	11,500	15	279	413
11,500	11,550	15	279	415
11,550	11,600	14	279	417
11,600	11,650	14	279	419
11,650	11,700	13	279	420
11,700	11,750	13	279	422
11,750	11,800	13	279	424
11,800	11,850	12	279	426
11,850	11,900	12	279	428
11,900	11,950	12	279	429
11,950	12,000	11	279	431
12,000	12,050	11	279	433
12,050	12,100	11	279	435
12,100	12,150	10	279	437
12,150	12,200	10	279	438
12,200	12,250	10	279	440
12,250	12,300	9	279	442
12,300	12,350	9	279	444
12,350	12,400	9	279	446
12,400	12,450	8	279	447
12,450	12,500	8	279	449
12,500	12,550	8	279	451
12,550	12,600	7	279	453
12,600	12,650	7	279	455
12,650	12,700	7	279	456
12,700	12,750	6	279	458
12,750	12,800	6	279	460

If the amount you are looking up from the worksheet is — At least	But less than	And you have — No children	One child	Two children
		Your credit is —		
12,800	12,850	6	279	460
12,850	12,900	5	279	460
12,900	12,950	5	279	460
12,950	13,000	5	279	460
13,000	13,050	4	279	460
13,050	13,100	4	279	460
13,100	13,150	4	279	460
13,150	13,200	3	279	460
13,200	13,250	3	279	460
13,250	13,300	2	279	460
13,300	13,350	2	279	460
13,350	13,400	2	279	460
13,400	13,450	1	279	460
13,450	13,500	1	279	460
13,500	13,550	1	279	460
13,550	13,600	0	279	460
13,600	13,650	0	279	460
13,650	13,700	0	279	460
13,700	13,750	0	279	460
13,750	13,800	0	279	460
13,800	13,850	0	279	460
13,850	13,900	0	279	460
13,900	13,950	0	279	460
13,950	14,000	0	279	460
14,000	14,050	0	279	460
14,050	14,100	0	279	460
14,100	14,150	0	279	460
14,150	14,200	0	279	460
14,200	14,250	0	279	460
14,250	14,300	0	279	460
14,300	14,350	0	279	460
14,350	14,400	0	279	460
14,400	14,450	0	279	460
14,450	14,500	0	279	460
14,500	14,550	0	279	460
14,550	14,600	0	279	460
14,600	14,650	0	279	460
14,650	14,700	0	279	460
14,700	14,750	0	279	460
14,750	14,800	0	279	460
14,800	14,850	0	279	460
14,850	14,900	0	279	460
14,900	14,950	0	279	460
14,950	15,000	0	279	460
15,000	15,050	0	279	460
15,050	15,100	0	279	460
15,100	15,150	0	279	460
15,150	15,200	0	279	460

If the amount you are looking up from the worksheet is — At least	But less than	And you have — No children	One child	Two children
		Your credit is —		
15,200	15,250	0	279	460
15,250	15,300	0	279	460
15,300	15,350	0	279	460
15,350	15,400	0	279	460
15,400	15,450	0	279	460
15,450	15,500	0	279	460
15,500	15,550	0	279	460
15,550	15,600	0	279	460
15,600	15,650	0	279	460
15,650	15,700	0	279	460
15,700	15,750	0	279	460
15,750	15,800	0	279	460
15,800	15,850	0	279	460
15,850	15,900	0	279	460
15,900	15,950	0	279	460
15,950	16,000	0	279	460
16,000	16,050	0	279	460
16,050	16,100	0	279	460
16,100	16,150	0	279	460
16,150	16,200	0	279	460
16,200	16,250	0	279	460
16,250	16,300	0	279	460
16,300	16,350	0	279	460
16,350	16,400	0	279	460
16,400	16,450	0	279	460
16,450	16,500	0	279	460
16,500	16,550	0	279	460
16,550	16,600	0	279	460
16,600	16,650	0	279	460
16,650	16,700	0	279	460
16,700	16,750	0	278	460
16,750	16,800	0	277	459
16,800	16,850	0	277	458
16,850	16,900	0	276	457
16,900	16,950	0	275	456
16,950	17,000	0	275	455
17,000	17,050	0	274	454
17,050	17,100	0	273	453
17,100	17,150	0	272	452
17,150	17,200	0	272	451
17,200	17,250	0	271	450
17,250	17,300	0	270	449
17,300	17,350	0	269	448
17,350	17,400	0	269	447
17,400	17,450	0	268	446
17,450	17,500	0	267	445
17,500	17,550	0	267	444
17,550	17,600	0	266	443

2011 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
17,600	**17,650**	0	265	443
17,650	**17,700**	0	264	442
17,700	**17,750**	0	264	441
17,750	**17,800**	0	263	440
17,800	**17,850**	0	262	439
17,850	**17,900**	0	262	438
17,900	**17,950**	0	261	437
17,950	**18,000**	0	260	436
18,000	**18,050**	0	259	435
18,050	**18,100**	0	259	434
18,100	**18,150**	0	258	433
18,150	**18,200**	0	257	432
18,200	**18,250**	0	257	431
18,250	**18,300**	0	256	430
18,300	**18,350**	0	255	429
18,350	**18,400**	0	254	428
18,400	**18,450**	0	254	427
18,450	**18,500**	0	253	426
18,500	**18,550**	0	252	425
18,550	**18,600**	0	251	425
18,600	**18,650**	0	251	424
18,650	**18,700**	0	250	423
18,700	**18,750**	0	249	422
18,750	**18,800**	0	249	421
18,800	**18,850**	0	248	420
18,850	**18,900**	0	247	419
18,900	**18,950**	0	246	418
18,950	**19,000**	0	246	417
19,000	**19,050**	0	245	416
19,050	**19,100**	0	244	415
19,100	**19,150**	0	244	414
19,150	**19,200**	0	243	413
19,200	**19,250**	0	242	412
19,250	**19,300**	0	241	411
19,300	**19,350**	0	241	410
19,350	**19,400**	0	240	409
19,400	**19,450**	0	239	408
19,450	**19,500**	0	239	407
19,500	**19,550**	0	238	407
19,550	**19,600**	0	237	406
19,600	**19,650**	0	236	405
19,650	**19,700**	0	236	404
19,700	**19,750**	0	235	403
19,750	**19,800**	0	234	402
19,800	**19,850**	0	234	401
19,850	**19,900**	0	233	400
19,900	**19,950**	0	232	399
19,950	**20,000**	0	231	398

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 —		
20,000	**20,050**	0	231	397
20,050	**20,100**	0	230	396
20,100	**20,150**	0	229	395
20,150	**20,200**	0	228	394
20,200	**20,250**	0	228	393
20,250	**20,300**	0	227	392
20,300	**20,350**	0	226	391
20,350	**20,400**	0	226	390
20,400	**20,450**	0	225	389
20,450	**20,500**	0	224	389
20,500	**20,550**	0	223	388
20,550	**20,600**	0	223	387
20,600	**20,650**	0	222	386
20,650	**20,700**	0	221	385
20,700	**20,750**	0	221	384
20,750	**20,800**	0	220	383
20,800	**20,850**	0	219	382
20,850	**20,900**	0	218	381
20,900	**20,950**	0	218	380
20,950	**21,000**	0	217	379
21,000	**21,050**	0	216	378
21,050	**21,100**	0	216	377
21,100	**21,150**	0	215	376
21,150	**21,200**	0	214	375
21,200	**21,250**	0	213	374
21,250	**21,300**	0	213	373
21,300	**21,350**	0	212	372
21,350	**21,400**	0	211	371
21,400	**21,450**	0	211	371
21,450	**21,500**	0	210	370
21,500	**21,550**	0	209	369
21,550	**21,600**	0	208	368
21,600	**21,650**	0	208	367
21,650	**21,700**	0	207	366
21,700	**21,750**	0	206	365
21,750	**21,800**	0	205	364
21,800	**21,850**	0	205	363
21,850	**21,900**	0	204	362
21,900	**21,950**	0	203	361
21,950	**22,000**	0	203	360
22,000	**22,050**	0	202	359
22,050	**22,100**	0	201	358
22,100	**22,150**	0	200	357
22,150	**22,200**	0	200	356
22,200	**22,250**	0	199	355
22,250	**22,300**	0	198	354
22,300	**22,350**	0	198	353
22,350	**22,400**	0	197	353

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 —		
22,400	**22,450**	0	196	352
22,450	**22,500**	0	195	351
22,500	**22,550**	0	195	350
22,550	**22,600**	0	194	349
22,600	**22,650**	0	193	348
22,650	**22,700**	0	193	347
22,700	**22,750**	0	192	346
22,750	**22,800**	0	191	345
22,800	**22,850**	0	190	344
22,850	**22,900**	0	190	343
22,900	**22,950**	0	189	342
22,950	**23,000**	0	188	341
23,000	**23,050**	0	187	340
23,050	**23,100**	0	187	339
23,100	**23,150**	0	186	338
23,150	**23,200**	0	185	337
23,200	**23,250**	0	185	336
23,250	**23,300**	0	184	335
23,300	**23,350**	0	183	335
23,350	**23,400**	0	182	334
23,400	**23,450**	0	182	333
23,450	**23,500**	0	181	332
23,500	**23,550**	0	180	331
23,550	**23,600**	0	180	330
23,600	**23,650**	0	179	329
23,650	**23,700**	0	178	328
23,700	**23,750**	0	177	327
23,750	**23,800**	0	177	326
23,800	**23,850**	0	176	325
23,850	**23,900**	0	175	324
23,900	**23,950**	0	175	323
23,950	**24,000**	0	174	322
24,000	**24,050**	0	173	321
24,050	**24,100**	0	172	320
24,100	**24,150**	0	172	319
24,150	**24,200**	0	171	318
24,200	**24,250**	0	170	317
24,250	**24,300**	0	170	317
24,300	**24,350**	0	169	316
24,350	**24,400**	0	168	315
24,400	**24,450**	0	167	314
24,450	**24,500**	0	167	313
24,500	**24,550**	0	166	312
24,550	**24,600**	0	165	311
24,600	**24,650**	0	164	310
24,650	**24,700**	0	164	309
24,700	**24,750**	0	163	308
24,750	**24,800**	0	162	307

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 —		
24,800	**24,850**	0	162	306
24,850	**24,900**	0	161	305
24,900	**24,950**	0	160	304
24,950	**25,000**	0	159	303
25,000	**25,050**	0	159	302
25,050	**25,100**	0	158	301
25,100	**25,150**	0	157	300
25,150	**25,200**	0	157	299
25,200	**25,250**	0	156	298
25,250	**25,300**	0	155	298
25,300	**25,350**	0	154	297
25,350	**25,400**	0	154	296
25,400	**25,450**	0	153	295
25,450	**25,500**	0	152	294
25,500	**25,550**	0	152	293
25,550	**25,600**	0	151	292
25,600	**25,650**	0	150	291
25,650	**25,700**	0	149	290
25,700	**25,750**	0	149	289
25,750	**25,800**	0	148	288
25,800	**25,850**	0	147	287
25,850	**25,900**	0	147	286
25,900	**25,950**	0	146	285
25,950	**26,000**	0	145	284
26,000	**26,050**	0	144	283
26,050	**26,100**	0	144	282
26,100	**26,150**	0	143	281
26,150	**26,200**	0	142	280
26,200	**26,250**	0	141	280
26,250	**26,300**	0	141	279
26,300	**26,350**	0	140	278
26,350	**26,400**	0	139	277
26,400	**26,450**	0	139	276
26,450	**26,500**	0	138	275
26,500	**26,550**	0	137	274
26,550	**26,600**	0	136	273
26,600	**26,650**	0	136	272
26,650	**26,700**	0	135	271
26,700	**26,750**	0	134	270
26,750	**26,800**	0	134	269
26,800	**26,850**	0	133	268
26,850	**26,900**	0	132	267
26,900	**26,950**	0	131	266
26,950	**27,000**	0	131	265
27,000	**27,050**	0	130	264
27,050	**27,100**	0	129	263
27,100	**27,150**	0	129	262
27,150	**27,200**	0	128	262

2011 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 —		
27,200	**27,250**	0	127	261
27,250	**27,300**	0	126	260
27,300	**27,350**	0	126	259
27,350	**27,400**	0	125	258
27,400	**27,450**	0	124	257
27,450	**27,500**	0	123	256
27,500	**27,550**	0	123	255
27,550	**27,600**	0	122	254
27,600	**27,650**	0	121	253
27,650	**27,700**	0	121	252
27,700	**27,750**	0	120	251
27,750	**27,800**	0	119	250
27,800	**27,850**	0	118	249
27,850	**27,900**	0	118	248
27,900	**27,950**	0	117	247
27,950	**28,000**	0	116	246
28,000	**28,050**	0	116	245
28,050	**28,100**	0	115	244
28,100	**28,150**	0	114	244
28,150	**28,200**	0	113	243
28,200	**28,250**	0	113	242
28,250	**28,300**	0	112	241
28,300	**28,350**	0	111	240
28,350	**28,400**	0	111	239
28,400	**28,450**	0	110	238
28,450	**28,500**	0	109	237
28,500	**28,550**	0	108	236
28,550	**28,600**	0	108	235
28,600	**28,650**	0	107	234
28,650	**28,700**	0	106	233
28,700	**28,750**	0	106	232
28,750	**28,800**	0	105	231
28,800	**28,850**	0	104	230
28,850	**28,900**	0	103	229
28,900	**28,950**	0	103	228
28,950	**29,000**	0	102	227
29,000	**29,050**	0	101	226
29,050	**29,100**	0	100	226
29,100	**29,150**	0	100	225
29,150	**29,200**	0	99	224
29,200	**29,250**	0	98	223
29,250	**29,300**	0	98	222
29,300	**29,350**	0	97	221
29,350	**29,400**	0	96	220
29,400	**29,450**	0	95	219
29,450	**29,500**	0	95	218
29,500	**29,550**	0	94	217
29,550	**29,600**	0	93	216

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 —		
29,600	**29,650**	0	93	215
29,650	**29,700**	0	92	214
29,700	**29,750**	0	91	213
29,750	**29,800**	0	90	212
29,800	**29,850**	0	90	211
29,850	**29,900**	0	89	210
29,900	**29,950**	0	88	209
29,950	**30,000**	0	88	208
30,000	**30,050**	0	87	208
30,050	**30,100**	0	86	207
30,100	**30,150**	0	85	206
30,150	**30,200**	0	85	205
30,200	**30,250**	0	84	204
30,250	**30,300**	0	83	203
30,300	**30,350**	0	83	202
30,350	**30,400**	0	82	201
30,400	**30,450**	0	81	200
30,450	**30,500**	0	80	199
30,500	**30,550**	0	80	198
30,550	**30,600**	0	79	197
30,600	**30,650**	0	78	196
30,650	**30,700**	0	77	195
30,700	**30,750**	0	77	194
30,750	**30,800**	0	76	193
30,800	**30,850**	0	75	192
30,850	**30,900**	0	75	191
30,900	**30,950**	0	74	190
30,950	**31,000**	0	73	190
31,000	**31,050**	0	72	189
31,050	**31,100**	0	72	188
31,100	**31,150**	0	71	187
31,150	**31,200**	0	70	186
31,200	**31,250**	0	70	185
31,250	**31,300**	0	69	184
31,300	**31,350**	0	68	183
31,350	**31,400**	0	67	182
31,400	**31,450**	0	67	181
31,450	**31,500**	0	66	180
31,500	**31,550**	0	65	179
31,550	**31,600**	0	65	178
31,600	**31,650**	0	64	177
31,650	**31,700**	0	63	176
31,700	**31,750**	0	62	175
31,750	**31,800**	0	62	174
31,800	**31,850**	0	61	173
31,850	**31,900**	0	60	172
31,900	**31,950**	0	59	172
31,950	**32,000**	0	59	171

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 —		
32,000	**32,050**	0	58	170
32,050	**32,100**	0	57	169
32,100	**32,150**	0	57	168
32,150	**32,200**	0	56	167
32,200	**32,250**	0	55	166
32,250	**32,300**	0	54	165
32,300	**32,350**	0	54	164
32,350	**32,400**	0	53	163
32,400	**32,450**	0	52	162
32,450	**32,500**	0	52	161
32,500	**32,550**	0	51	160
32,550	**32,600**	0	50	159
32,600	**32,650**	0	49	158
32,650	**32,700**	0	49	157
32,700	**32,750**	0	48	156
32,750	**32,800**	0	47	155
32,800	**32,850**	0	47	154
32,850	**32,900**	0	46	153
32,900	**32,950**	0	45	153
32,950	**33,000**	0	44	152
33,000	**33,050**	0	44	151
33,050	**33,100**	0	43	150
33,100	**33,150**	0	42	149
33,150	**33,200**	0	42	148
33,200	**33,250**	0	41	147
33,250	**33,300**	0	40	146
33,300	**33,350**	0	39	145
33,350	**33,400**	0	39	144
33,400	**33,450**	0	38	143
33,450	**33,500**	0	37	142
33,500	**33,550**	0	36	141
33,550	**33,600**	0	36	140
33,600	**33,650**	0	35	139
33,650	**33,700**	0	34	138
33,700	**33,750**	0	34	137
33,750	**33,800**	0	33	136
33,800	**33,850**	0	32	135
33,850	**33,900**	0	31	135
33,900	**33,950**	0	31	134
33,950	**34,000**	0	30	133
34,000	**34,050**	0	29	132
34,050	**34,100**	0	29	131
34,100	**34,150**	0	28	130
34,150	**34,200**	0	27	129
34,200	**34,250**	0	26	128
34,250	**34,300**	0	26	127
34,300	**34,350**	0	25	126
34,350	**34,400**	0	24	125

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 —		
34,400	**34,450**	0	24	124
34,450	**34,500**	0	23	123
34,500	**34,550**	0	22	122
34,550	**34,600**	0	21	121
34,600	**34,650**	0	21	120
34,650	**34,700**	0	20	119
34,700	**34,750**	0	19	118
34,750	**34,800**	0	19	117
34,800	**34,850**	0	18	117
34,850	**34,900**	0	17	116
34,900	**34,950**	0	16	115
34,950	**35,000**	0	16	114
35,000	**35,050**	0	15	113
35,050	**35,100**	0	14	112
35,100	**35,150**	0	13	111
35,150	**35,200**	0	13	110
35,200	**35,250**	0	12	109
35,250	**35,300**	0	11	108
35,300	**35,350**	0	11	107
35,350	**35,400**	0	10	106
35,400	**35,450**	0	9	105
35,450	**35,500**	0	8	104
35,500	**35,550**	0	8	103
35,550	**35,600**	0	7	102
35,600	**35,650**	0	6	101
35,650	**35,700**	0	6	100
35,700	**35,750**	0	5	99
35,750	**35,800**	0	4	99
35,800	**35,850**	0	3	98
35,850	**35,900**	0	3	97
35,900	**35,950**	0	2	96
35,950	**36,000**	0	1	95
36,000	**36,050**	0	1	94
36,050	**36,100**	0	-0	93
36,100	**36,150**	0	0	92
36,150	**36,200**	0	0	91
36,200	**36,250**	0	0	90
36,250	**36,300**	0	0	89
36,300	**36,350**	0	0	88
36,350	**36,400**	0	0	87
36,400	**36,450**	0	0	86
36,450	**36,500**	0	0	85
36,500	**36,550**	0	0	84
36,550	**36,600**	0	0	83
36,600	**36,650**	0	0	82
36,650	**36,700**	0	0	81
36,700	**36,750**	0	0	81
36,750	**36,800**	0	0	80

2011 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is – At least	But less than	And you have – No children: Your credit is –	One child	Two children
36,800	36,850	0	0	79
36,850	36,900	0	0	78
36,900	36,950	0	0	77
36,950	37,000	0	0	76
37,000	37,050	0	0	75
37,050	37,100	0	0	74
37,100	37,150	0	0	73
37,150	37,200	0	0	72
37,200	37,250	0	0	71
37,250	37,300	0	0	70
37,300	37,350	0	0	69
37,350	37,400	0	0	68
37,400	37,450	0	0	67
37,450	37,500	0	0	66
37,500	37,550	0	0	65
37,550	37,600	0	0	64
37,600	37,650	0	0	63
37,650	37,700	0	0	63
37,700	37,750	0	0	62
37,750	37,800	0	0	61
37,800	37,850	0	0	60
37,850	37,900	0	0	59
37,900	37,950	0	0	58
37,950	38,000	0	0	57
38,000	38,050	0	0	56
38,050	38,100	0	0	55
38,100	38,150	0	0	54
38,150	38,200	0	0	53
38,200	38,250	0	0	52
38,250	38,300	0	0	51
38,300	38,350	0	0	50
38,350	38,400	0	0	49
38,400	38,450	0	0	48
38,450	38,500	0	0	47
38,500	38,550	0	0	46
38,550	38,600	0	0	45
38,600	38,650	0	0	45
38,650	38,700	0	0	44
38,700	38,750	0	0	43
38,750	38,800	0	0	42
38,800	38,850	0	0	41
38,850	38,900	0	0	40
38,900	38,950	0	0	39
38,950	39,000	0	0	38
39,000	39,050	0	0	37
39,050	39,100	0	0	36
39,100	39,150	0	0	35
39,150	39,200	0	0	34
39,200	39,250	0	0	33
39,250	39,300	0	0	32
39,300	39,350	0	0	31
39,350	39,400	0	0	30
39,400	39,450	0	0	29
39,450	39,500	0	0	28
39,500	39,550	0	0	27
39,550	39,600	0	0	27
39,600	39,650	0	0	26
39,650	39,700	0	0	25
39,700	39,750	0	0	24
39,750	39,800	0	0	23
39,800	39,850	0	0	22
39,850	39,900	0	0	21
39,900	39,950	0	0	20
39,950	40,000	0	0	19
40,000	40,050	0	0	18
40,050	40,100	0	0	17
40,100	40,150	0	0	16
40,150	40,200	0	0	15
40,200	40,250	0	0	14
40,250	40,300	0	0	13
40,300	40,350	0	0	12
40,350	40,400	0	0	11
40,400	40,450	0	0	10
40,450	40,500	0	0	9
40,500	40,550	0	0	9
40,550	40,600	0	0	8
40,600	40,650	0	0	7
40,650	40,700	0	0	6
40,700	40,750	0	0	5
40,750	40,800	0	0	4
40,800	40,850	0	0	3
40,850	40,900	0	0	2
40,900	40,950	0	0	1

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

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

1. **You paid property tax to Lake County (Indiana) during 2011 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.

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

How to figure your credit.

Step 1 Did you pay property tax to Lake County (Indiana) on your residence for 2011? ☐ Yes ☐ No

If yes, continue to Step 2.

If no, STOP. You do not qualify for this credit.

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

$ ___________________________

Step 3 If the amount in Step 2 is greater than $18,600, **STOP**. You do not qualify for this credit.

If the Step 2 amount is **less than** $18,000, skip to Worksheet A.

If the Step 2 amount is between $18,000 and $18,600, skip to Worksheet B.

Worksheet A:

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

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

A2 Maximum credit... **A2** $ 300

A3 Enter the **smaller** of A1 or A2. This is your credit. Enter here and on 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	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 line 6	B6 $ ________

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

Line 7 – Economic development for a growing economy credit

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

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

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

Note. The approved credit agreement letter from the IEDC must be maintained with your records.

Line 8 – Media production expenditure credit

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

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

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

Note. This credit may not be awarded for a tax year ending after Dec. 31, 2011.

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

Schedule 6: Offset Credits

The following credits cannot be refunded; their purpose is to help reduce your state and/or county tax amounts due. See the limitation areas after the instructions for line 3 and line 6.

Line 1 – Credit for local taxes paid outside of Indiana

If you figured county tax on Form IT-40, 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, 2011 county of residence has a rate on the **Rate Conversion Chart** on page 40, use the rate in Column A to figure your credit.*

If your Jan. 1, 2011, county of residence is Lake County*, but the Jan. 1, 2011, county where you worked has a rate on the **Rate Conversion Chart**, use the rate in Column B to figure your credit.[1]

**Important.* This year Indiana counties were allowed to adopt or increase their local income tax rates through Oct. 31, 2011. This publication was finalized before that date. This means your county tax rate on the back of Schedule CT-40 may not be correct. We encourage you to contact us in one of the following ways to get an updated list of the rates before filing. To get the updated list, you may:

- Log on to the Department's website at www.in.gov/dor/4547.htm.
- Call the form order request line at (317) 615-2581 to have one mailed to you.
- Visit or call a district office. See page 42 for these locations.
- Call our main tax line at (317) 232-2240 Monday – Friday, 8 a.m. to 4:30 p.m., and a representative will assist you.

If Lake County adopted a tax (find out at www.in.gov/dor/4547.htm - it adopted a county tax if it is listed with a rate), then use the Lake County resident rate.

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