IT-40
Full-Year Resident
Individual Income Tax Booklet

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INDIANA

WAIT!

YOU MAY QUALIFY FOR FREE ONLINE TAX FILING!

INfreefile

More than 85 percent of Indiana taxpayers filed electronically in 2016. Consider the benefits of filing electronically:

- **Faster Refund.** Electronic filing reduces errors and expedites refund time – within 10 to 14 days (compared with 10 to 12 weeks for a paper return).
- **Fewer Errors.** Up to 20 percent of paper-filed returns have errors, which can result in delays and possible penalty and/or interest for the taxpayer. Returns filed electronically, however, are 98 percent accurate.
- **Easier Filing.** You won't have to complete the many complicated forms in this booklet. Instead, you go online, answer some easy questions, and before you know it your taxes are complete.

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

CELEBRATING 1816 2016 200 YEARS

About the cover: This year, Indiana's tax booklets showcase the Indiana Bicentennial Torch Relay, which inspired and unified Hoosiers as one of the major commemorative events of the 2016 Bicentennial celebration. The torch, passed from one torch bearer to another, passed through all of Indiana's 92 counties and covered 3,200 miles over a five week period between September 9, 2016 and October 15, 2016. Featured photos highlight relay stops in Gibson, Marion, Perry and Sullivan counties. Photos courtesy of Sadie Lebo.

Which Indiana Tax Form Should You File?

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

Form IT-40 for Full-Year Residents
Use Form IT-40 if you (and your spouse, if filing jointly) were full-year Indiana residents.

Form IT-40PNR for Part-Year and Full-Year Nonresidents
Use Form IT-40PNR if you (and/or your spouse, if filing jointly):
- Were Indiana residents for less than a full-year or not at all, or
- Are filing jointly and one was a full-year Indiana resident and the other was not a full-year Indiana resident, and
- Do not qualify to file Form IT-40RNR.

Form IT-40RNR for Full-Year Residents of Reciprocal States
Use Form IT-40RNR if you (and your spouse, if filing jointly) were:
- Full-year residents of Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin, and
- The only type of income from Indiana was from wage, tip, salary or other compensation.*

*You are required to file Form IT-40PNR if you have any other kind of Indiana-source income.

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.

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 7 for extension of time to file procedures.

2016 Changes

Update: Line 1 of Form IT-40 assumes conformity with the Internal Revenue Code for federal changes adopted after Jan. 1, 2016. If the 2017 Indiana General Assembly does not conform to the most current changes to the Internal Revenue Code, you may have to amend your tax 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.

Civil Service Annuity Deduction Increase
The ceiling for the Civil Service Annuity Deduction has increased to $16,000. See page 18 for more information.

Military Family Relief Fund Donation
You may donate all or a portion of your refund to help provide emergency grants to be used by military and veteran's families. See the instructions for Schedule IN-DONATE on page 37 for more information.

Several Add-Backs Eliminated
The following add-backs have been eliminated:
- Lump Sum Distribution
- Discharge of Debt of a Principal Residence
- Qualified Disaster Assistance Property**
- Qualified Refinery Property**
- Qualified Film or Television Production**
- Qualified Preferred Stock*
- Certain Trade of Business Deductions Based on Employment of Unauthorized Aliens

*See page 14 for information about this add-back.

**See instructions beginning on page 14 for information on how the elimination of these add-backs might impact your future state tax filings.

Several Deductions No Longer Available
The following deductions are no longer available.
- Indiana Lottery Winnings Deduction*
- Insulation Deduction
- Law Enforcement Reward Deduction
- Medical Care Savings Account Deduction (Indiana)
- Non-Indiana Locality Earnings Deduction
- Solar-Powered Roof Vents or Fans Deduction

*The Indiana Lottery Winnings *Annuity* Deduction is still available, although it has a new 3-digit identification code number (629). See instructions on page 19 for additional information.

Several Offset Credits No Longer Available
The following credits have been repealed.
- County Credit for the Elderly
- Employer Health Benefit Plan Credit
- Historic Building Rehabilitation Credit*
- Maternity Home Credit
- Small Employer Qualified Wellness Program Credit

***Note.** A credit may still be available to be carried forward provided there was an unused amount available prior to it being repealed. See instructions about this credit on page 43 for more information.

Lake County Residential Income Tax Credit Update
The Lake County Residential Income Tax Credit worksheet has changed. See page 36 for more information.

School Corporation Information

The school corporation information previously reported on the state income tax return is no longer requested.

Form IT-40EZ

Indiana's Form IT-40EZ is no longer available. Instead, full-year Indiana residents must file using Form IT-40.

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 or Library

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 to find out if they stock any state tax forms.

Need Help With Your Return?

Local Help

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

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 85 percent of Hoosier taxpayers used an electronic filing program to file their 2015 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 (department). Use an electronic vendor or contact your tax preparer to see if he or she provides this service.

INfreefile

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

Eligible Indiana taxpayers can file both the federal and Indiana individual tax returns using highly interactive and easy-to-use web-based applications that speed both returns and refunds. You can choose from a list of multiple vendors that provide this free service. The department estimates nearly 2 million Indiana taxpayers are eligible for this free service.

See if you are eligible by visiting www.freefile.dor.in.gov.

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 email links and a calendar with filing due dates. Visit the department's website at www.in.gov/dor.

Moving?

You need to notify the department if you move to a new address after filing your tax return.

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

- Go to https://secure.in.gov/dor/4706.htm and change your address online.
- Fax your request, including your Social Security number, new address and signature, to 317-232-1021.

- Mail the request, including your Social Security number, new address and signature, to Indiana Department of Revenue, 100 N. Senate Ave., Indianapolis, IN 46204.

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/5506.htm.

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, the department will conduct an annual public hearing in Indianapolis in June of 2017. Event details will be listed at www.in.gov/dor/4877.htm. Please come and share feedback or comments about how the department can better administer Indiana tax laws. If not able to attend, please submit feedback or comments in writing to: Indiana Department of Revenue, Commissioner's Office, MS# 101, 100 N. Senate Avenue, Indianapolis, IN 46204. Our homepage provides access to forms, information bulletins and directives, tax publications, email, and various filing options. Visit www.in.gov/dor.

Before You Begin

Important. You must complete your federal tax return first.

Filling in the Boxes – Please Use Ink

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.

Married Filing Requirements

- **Married Filing Jointly**
  If you filed your federal income tax return as married filing jointly, you also must file married filing jointly with Indiana.

- **Married Filing Separately**
  If you file your federal income tax return as married, filing separately, you must also file married, filing separately with Indiana. Enter both of your Social Security numbers in the boxes on the top of the form, and then check the box directly to the right of those boxes. Enter the name of the person filing the return on the top line, but <u>do</u> <u>not</u> <u>enter</u> 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 2016 you may have qualified for and filed as 'head of household' on your federal income tax return. If you did, do not check the married filing separately box. Also, do not enter either your spouse's name or Social Security number.

- **Same-Sex Marriage Tax Filing Guidelines**
  Couples in same-sex marriages should file with Indiana using the same married filing status as they used for federal tax filing purposes.

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.

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, 2016. You can find these code numbers on the chart found on the back of the Schedule CT-40. See the instructions beginning on page 48 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 let you know 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, 1099s and IN K-1s 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 three 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.

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 21 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(s) (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 2016, or died after Dec. 31, 2016, 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, 2016, would be entered as 01/09/2016.

Note. The date of death should not be entered here if the individual died after Dec. 31, 2016, but before filing the tax return. The date of death information will be shown on the individual's 2017 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.

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 the tax year, 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 48 for an explanation of county of residence for military personnel.

When Should You File?

Your tax return is due April 18, 2017. If you file after this date and owe tax, you may have to pay interest and/or penalty. See page 11 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 18, 2017 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 18, 2017.

Note. Indiana's extension of time to file, Form IT-9, extends the filing date to Nov. 14, 2017.

If You Owe…

Option 1 File Indiana's extension of time to file, Form IT-9, and send in a payment. This must be filed by April 18, 2017, for the extension to be valid. Then, make sure to file your tax return by Nov. 14, 2017, paying any remaining balance due with that filing. While interest is due on any amount paid after April 18, penalty will be waived if both of the following conditions are met:

- The remaining balance is paid in full by Nov. 14, 2017, and
- You paid at least 90 percent of the tax expected to be owed by the original April 18 due date.

Note. You may file for a state extension of time to file online if you make a payment with it. Access the department's ePay system at www.in.gov/dor/4340.htm by April 18, and follow the directions for making an extension payment.

Option 2 Filing for a federal extension of time to file with the IRS will automatically provide for a state extension of time to file. You must file your state tax return by Nov. 14, 2017, paying any balance due with that filing. While interest is due on any amount paid after the original April 18 due date, penalty will be waived if both of the following conditions are met:

- The remaining balance due is paid in full by Nov. 14, 2017, and
- You paid at least 90 percent of the tax expected to be owed by the original April 18 due date.

If You Don't Owe…

You'll need to file for an extension if:

- You are due a refund, or
- You don't expect to owe any tax when filing your tax return, and
- You are unable to file your return by April 18, 2017.

There are two ways to accomplish this:

- If you have a valid federal extension (you filed Form 4868, or made an extension payment via an electronic filing method), 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 18, 2017.

Extension Filing Deadline.

- Both state Form IT-9 and federal Form 4868 extend your state filing time to Nov. 14, 2017.

Will You Owe Penalty and/or Interest?
Penalty will not be owed if you have:

- Paid 90 percent of the tax you expect to owe by April 18, 2017;
- Filed your tax return by Nov. 14, 2017; and
- Paid any remaining amount due with that filing.

Interest is owed on all amounts paid after April 18, 2017. See page 11 for instructions on how to figure interest.

Indiana's Extension of Time to File, Form IT-9
You may get Form IT-9 online at www.in.gov/dor/5506.htm. You may also file for an extension online (if making a payment) at www.in.gov/dor/4340.htm (make sure to do this by April 18, 2017).

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

Military personnel on duty outside of the United States and Puerto Rico on the filing due date are allowed an automatic 60 day extension of time to file. A statement must be enclosed with the return verifying that you were outside of the United States or Puerto Rico on April 18, 2017.

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).

Form IT-40: Line-by-line instructions

Important. 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 12. 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 15 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 21. 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 48.

Line 10 – Other Taxes
Enter any other taxes from Schedule 4: Other Taxes on this line. Instructions for Schedule 4 begin on page 22. 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 23. Make sure to enclose Schedule 5 when filing.

Line 13 – Offset Credits
Enter the total of any offset credits reported on Schedule 6: Offset Credits on this line. Instructions for Schedule 6 begin on page 35. Make sure to enclose Schedule 6 when filing.

Line 17 – Donation Check-Offs
Enter on this line the total of any donations made on Schedule IN-DONATE. Make sure to enclose Schedule IN-DONATE, which is located at the bottom of Schedule 5: Credits, when filing. See page 37 for more information.

Line 19 – Amount to be Applied as a 2017 Estimated Tax Installment Payment
You should pay estimated tax if you expect to have income during the 2017 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/5506.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, 2017, 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 $300 of it to their 2017 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 2017 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 2017 tax year are due by April 18, 2017, June 15, 2017, Sept. 15, 2017 and Jan. 16, 2018. 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 18, 2017, will be considered to be a 2017 first installment payment; June 3, 2017, will be considered to be a 2017 second installment payment; and July 22, 2017, will be considered to be a 2017 third installment payment.

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 made 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.
- If you meet an exception, enclose Schedule IT-2210 or IT-2210A to show which exception was met.

*You must have timely paid 100 percent of lines 8 and 9 of your 2015 IT-40 or IT-40PNR. 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 percent).

**Farmers and fishermen should see the special instructions in the next column.

Important. The department will automatically assess an underpayment penalty if it looks like you owe a penalty for the underpayment of estimated tax, and:
- You didn't report a penalty amount on line 20, and
- You didn't enclose Schedule IT-2210 or Schedule IT-2210A showing you meet an exception to owing a penalty.

Should You Use Schedule IT-2210 or Schedule IT-2210A?

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

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

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

Schedule IT-2210A may 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 18, 2016 first installment due date.

Example. Rachael received a sizeable lump sum distribution in Dec. of 2016. She figured how much estimated tax was due, and paid it by the Jan. 17, 2017, 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 2015 and/or 2016 was from farming or fishing.

Option 1. Pay your estimated tax in one payment on or before Jan. 17, 2017, and file your tax return by April 18, 2017; or

Option 2. Make no estimated tax payment and file your tax return and pay all the tax due by March 1, 2017.

Example. More than two-thirds of Henry's gross income is from farming. He should complete Schedule IT-2210. Henry 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/5506.htm to get Schedule IT-2210 or IT-2210A.

Line 21 – Refund

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

Important. If the combination of line 19d plus line 20 is greater than the amount on line 18, you must make an adjustment. The estimated tax carryover amount on line 19d is limited; it cannot be greater than the remainder of line 18 minus line 20. See the second example about Stu under the Line 19 instructions on page 9.

A Note About Refund Offsets

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

When to Expect Your Refund

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

Where's Your Refund?

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

- Go to www.in.gov/dor/4339.htm and click *Check the Status of Your Refund.*
- Call (317) 233-4018 for automated refund information.
- Call (317) 232-2240 from 8 a.m. to 4:30 p.m. Monday - Friday, and a representative will help you.

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

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

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

Statute of Limitations for Refund Claims

There is a **statute of limitations** when filing for a refund. In general, a claim for refund must be made by April 20, 2020 (Nov. 14, 2020 if the original return was filed under extension). The claim for refund is considered to be made on the day your tax return is postmarked. If you file your 2016 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.

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

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

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

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

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

If you currently have a **Hoosier Works MasterCard** and wish to have your refund directly deposited in your account, enter your 12-digit account number on line 22b, where it says "Account Number" (do not write anything on line 22a "Routing Number"). You can find your 12-digit account number in the upper right-hand corner of your account monthly statement.

Note. DO NOT use your MasterCard 16-digit number.

Make sure to check the "Hoosier Works MC" box on line 22c.

For more information on direct deposit, please see "Where's Your Refund?" in the left-hand column.

Line 23

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

OR

If line 15 is greater than line 14, complete the following steps:
Subtract line 14 from line 15 and enter the total here ...... A ________
Enter any amount from line 20.. B ________
Add lines A + B. Enter total here and on line 23.............. C ________

Line 24 – Penalty

You may owe a penalty if your tax return is filed after the April 18, 2017, 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 18, 2017.

Line 25 – Interest

You will owe interest (even if you have an extension of time to file) if your tax return is filed after the April 18, 2017 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 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 MasterCard® or VISA® to make a payment.

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

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

Important. If using the payment plan option, penalty and interest will be due on all amounts paid after the April 18, 2017 due date.

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

The assessed amount will be due immediately upon receipt of the tax due notice and must be paid by certified check, bank draft or money order. If payment is not received within 10 days after the notice was mailed, the penalty is increased to 30 percent multiplied by the value of the check, credit card, debit card, or electronic funds transfer, or the unpaid tax, whichever is smaller. Also, *any permits and/or licenses issued by the department may be revoked if the assessed amount is not paid immediately.*

Signatures and Signing Dates
First, read the Authorization area on Schedule 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.

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

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

Important Information About Possible Year-End Federal Legislation

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

Treatment of Previously Discontinued Add-Back.

Several discontinued add-backs were created as a result of timing differences between federal and Indiana allowable expenses. See *Certain Discontinued Add-Backs: How and When to Report a Difference* on page 14 for information about these add-backs.

Line 1 – Tax Add-Back

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

On those schedules you are allowed to claim a deduction for taxes paid which are:

- based on, or
- measured by income, and
- levied at a state level by any state in the United States.

If you claimed this kind of deduction on any of these schedules, then you must add it back to your Indiana income.

Do not add back property taxes on this line.

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

Line 2 – Net Operating Loss Add-Back

Any net operating loss (NOL) deduction reported 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 may be eligible to claim an Indiana net operating loss deduction on Schedule 2, under line 11.)

Note. If you did not report a net operating loss deduction on line 21 of your 2016 federal Form 1040, then leave this line blank.

Line 3 – OOS Municipal Obligation Interest Add-Back

Interest earned from a direct obligation of a state or political subdivision other than Indiana (out of state, or OOS) is taxable by Indiana if the obligation is acquired after Dec. 31, 2011. Interest earned from obligations held or acquired before Jan. 1, 2012, is not subject to Indiana income tax and should not be reported as an add back.

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

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

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) that would have been included in federal adjusted gross income had the bonus depreciation method not been used. Then, enter the difference, which may be a positive or negative amount, 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 will 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 will 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 3-digit code number. When reporting the add-back, write its name, the associated 3-digit number and the amount.

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.

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 Jan. 1, 2016. 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 2016 that acts to modify federal AGI, you may add-back those items as an "other" add-back. In the event those items are adopted, an amended return should be filed to recoup the add-back(s).

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

This add-back is only for current year conformity issues. Conformity issues for preceding tax years must be addressed on the add-back line specific to the item in question.

If the state legislature does not conform to federal code changes enacted after January 1, 2016, 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 Preferred Stock (3-digit code: 113)

If an individual:

- had losses from the sale or exchange of preferred stock in either Federal National Mortgage Association or Federal Home Loan Mortgage Corporation;
- treated the loss from the sale or exchange as ordinary income for federal income tax purposes in the year the loss had been incurred; and
- had any amount previously added back that not been allowed as a deduction,

the individual is permitted to continue deducting the loss not previously allowed as a capital loss. However, the amount allowable as a capital loss must be computed in accordance with federal limitations on allowable capital losses. See IRC sections 1211 and 121 for further details on federal limitations.

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

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

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

Required add-backs for the following modifications have been eliminated, effective Jan. 1, 2016:

- Qualified Disaster Assistance Property, Code 110
- Qualified Refinery Property, Code 111
- Qualified Film or Television Production, Code 112

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

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

A simple illustration:

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

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

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

Enter the associated 3-digit code on Schedule 1 under line 7 if reporting a final catch-up modification.

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**
- You rented a place that 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 2016 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. Jamie and Ella each owned their own home; they married in 2016. 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 2016 spring and fall installments, if you paid both of them. If you received just one installment statement this year for your 2016 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 21 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, 2016,
- You received military retirement or survivor's benefits in 2016, 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 the tax year, see the *National Guard and Reserve Component Members Deduction* on page 20.

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 the first month's regular military wage income of $950, and $19,000 income earned while being stationed in a combat zone. Only $950 of his income is taxed on his federal return; likewise, Indiana will only tax $950. Jim should claim a $950 military deduction (the lesser of the income being taxed [$950] or $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 – Private School/Homeschool Deduction

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

Dependent Child Qualifications

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

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

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

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

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

Figure your deduction. If you made an unreimbursed education expenditure during the year your deduction is:

- $1,000; multiplied by
- the number of qualified dependent children for whom you made education expenditures.

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

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

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

Line 9 – Indiana Net Operating Loss Deduction

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 2016.) Write the amount you deduct as a positive figure.

IN NOL instructions continued on page 18.

Note. It is possible to have an Indiana NOL without also having a federal NOL. See Schedule IT-40NOL, which can be found at www.in.gov/dor/5506.htm, for more information.

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.

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 below 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 1 of the worksheet. Instead, see the instructions for the *Railroad Unemployment and Sickness Benefits Deduction* on page 21 for more information.

Line 11 – Other Deductions

Each of the following deductions has been assigned a 3-digit code number. When claiming the deduction on Schedule 2 under line 11, write the name of the deduction, the three-digit code number and the amount claimed.

Civil Service Annuity Deduction 601

The income on line 1 of Form IT-40 may include federal civil service annuity income. If it does, you may be eligible to take a deduction if you were at least 62 years of age by the end of the tax year and/or a surviving spouse of a civil service annuitant.

For each qualifying individual, the deduction is limited to:
- the lesser of the amount of taxable civil service annuity income included in federal adjusted gross income or $16,000,
- less all amounts of Social Security income and tier 1 Railroad Retirement income (issued by the Railroad Retirement Board) received by the qualifying individual (as reported on Form 1040, line 20a, or Form 1040A, line 14a).

Example. The taxable amount of your civil service annuity is $6,000. You received $1,200 in Social Security income. You are age 67.

Here is how to figure your deduction.

Lesser of the taxable amount of the annuity or $16,000	$6,000
Total of Social Security/tier 1 Railroad Retirement income	- $1,200
Allowable deduction	$4,800

If you and your spouse both received a civil service annuity, you may each be eligible to take this deduction for a maximum of up to $16,000 per qualifying person. Each of you must figure your deduction separately.

Example. Matthew and Claire, both age 68, file a joint federal and state income tax return. They each receive a civil service annuity and Social Security income.

Matthew's taxable civil service annuity is $13,700; he also received $17,500 in Social Security income. Since the Social Security income he received is greater than the taxable amount of his annuity, he is not eligible for a deduction.

Claire's taxable civil service annuity is $21,900; she also received $6,300 in Social Security income.

Here is how to figure Claire's deduction.

Lesser of the taxable amount of the annuity or $16,000	$16,000
Claire's Social Security income	- $6,300
Allowable deduction	$9,700

Unemployment Compensation Worksheet

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

1.	Unemployment compensation included on IT-40, line 1 (do not include any unemployment compensation issued by the Railroad Retirement Board - see insturctions)	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		

Surviving Spouse
A surviving spouse may be eligible to claim this deduction. There is no age requirement for the surviving spouse.

To figure the deduction, begin with the taxable amount of civil service annuity income or $16,000, whichever is less. Subtract from that amount any Social Security income and tier 1 Railroad Retirement income (issued by the Railroad Retirement Board) the surviving spouse received.

Example. Marie is a surviving spouse. The taxable amount of her civil service annuity is $14,500, and she received $1,200 in Social Security income.

Here is how to figure Marie's deduction.
Lesser of the taxable amount of the annuity or $16,000............$14,500
Marie's Social Security income ....- $1,200
Allowable deduction $13,300

You must maintain Form CSA 1099-R with your records as the department can require you to provide it at a later date.

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 the end of the tax year, and
- Received disability retirement income during the tax year.

If you meet these qualifications, you must complete Schedule IT-2440 and have it signed by your doctor to claim this deduction. You must maintain the completed Schedule IT-2440 with your records as the department can require you to provide it at a later date.

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/5506.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 Annuity Deduction 629

You may be eligible to deduct annuity payments received from a winning Hoosier Lottery ticket for a lottery held prior to July 1, 2002. This deduction applies only to prizes won from the Hoosier Lottery Commission; proceeds from other state lotteries or from other gambling sources, such as casinos, are not deductible. In addition, proceeds from winning Hoosier Lottery tickets for lotteries held after June 30, 2002, are not deductible.

Example. Jennifer won $2,000,000 playing the Hoosier Lottery with a ticket purchased in June of 2002. She elected to receive annual installment payments of $100,000. Since Jennifer reported her $100,000 annuity payment on her federal tax return this year, she is eligible to claim a $100,000 deduction.

Note. Individuals or entities that have purchased Hoosier Lottery prizes from a winning ticket holder for valuable consideration are not eligible for this deduction.

Enter code 629 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.

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.

National Guard and Reserve Component Members Deduction 621

(also see the *Military Service Deduction* on page 16)

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; or
- the Merchant Marine.

Or, a member of:

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

What is Eligible to be Deducted?

If you are eligible (based on the above requirements), your deduction is the qualified military income* received during the period you were deployed and mobilized for full time service, or during the period your Indiana National Guard unit was federalized.

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

What is Qualified Military Income?

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

Note. You cannot claim both this deduction and the *Military Service Deduction* (see page 16) based on the same income. See the following example.

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

- From January through Oct. 15, Brandon earned $6,000 from the guard.
- His unit was federalized on Oct. 16. He earned $7,000 from that point through Dec. 1.
- His unit was assigned to a combat zone on Dec. 2, 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 Oct. 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.

Olympic/Paralympic Medal Winners Deduction 627

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

Enter code 627 on Schedule 2 under line 11 if claiming this deduction.

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.

You must maintain the completed Schedule IN-PAT with your records as the department can require you to provide it at a later date. You may get Schedule IN-PAT at www.in.gov/dor/5506.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 Deduction 624

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

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 will 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: 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, 2016, or be a full-time student who is under the age of 24 by Dec. 31, 2016.

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/ITIN/ATIN. If you do not have the required SSN, ITIN or ATIN, you will not be eligible to claim this exemption. If you have applied for one of these numbers, but do not have it by the filing due date, you can file for an extension of time to file, Form IT-9 (www.in.gov/dor/5506.htm). Indiana also honors the federal extension of time to file, Form 4868.

Exception. If your qualified dependent child was born and died in 2016 and you do not have an SSN for the child, enter the word "Died" in the third (largest) Social Security Number box associated with your child's name. You must keep a copy of the child's birth certificate, death certificate and/or hospital records with your records as the department may request this information at a later date. The documents must show the child was born alive.

Example. | | | Died |

Line 3 – Age 65 or Older or Blind

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

Line 4 – Additional Exemption for Age 65 or Older

An additional $500 exemption is available for you and/or your spouse (if filing a joint return) if you are age 65 or older and the amount on Form IT-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 Internet, Mail Order and/or 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 (.07).

Sales/Use Tax Worksheet

List all purchases made during the tax year 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 below to figure your tax. If you paid sales tax to the state where the item was originally purchased, you are allowed a credit against your Indiana use tax for an amount paid up to 7 percent.

Line 2 – Household Employment Taxes

If you paid cash wages during 2016 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 of $2,000 or more to a household worker who is your employee, or total cash wages of $1,000 or more in any calendar quarter of 2015 or 2016 to all household employees, you may 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/5506.htm.

Line 3 – Recapture of Indiana's CollegeChoice 529 Education Savings Plan Credit

You may be eligible for a credit if you made a contribution(s) to Indiana's CollegeChoice 529 education savings plan (see instructions on page 42 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 "nonqualified". 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/5506.htm to figure any amount to be recaptured.

Schedule 5: Credits

Lines 1 and 2 – Indiana State and County Tax Withheld

The amount of Indiana state tax withheld is usually shown in box 17 and the amount of and Indiana county tax withheld is usually shown in box 19 of your W-2s. Indiana state and county withholding amounts may also be present on other forms, including W-2Gs, various 1099s, and Schedule IN K-1.

You **must** enclose your withholding statements, including W-2s, W-2Gs, 1099s and Schedule IN K-1s, with your tax return to verify Indiana state and county taxes claimed as being withheld. Failure to enclose these withholding statements will result in a reduced refund or increase in the amount you owe.

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.

Important. The use of substitute W-2s will delay the processing of your return and may impact the issuance of any refund.

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 – 2016 Estimated Tax Paid

If you made estimated tax payments, enter the total paid for 2016 on this line. Also, include any extension payment made with Form IT-9 *Extension of Time to File* for tax year 2016.

Note. Do not include on this line any estimated tax paid for tax year 2017.

Line 4 - Unified Tax Credit for the Elderly

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

- You and/or your spouse must have been age 65 or older by Dec. 31, 2016.
- 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 at least six months during 2016.
- You must not have been in prison for 180 days or more in 2016.

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

Important:
- If your spouse died after Jan. 1, 2016, 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/5506.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.*

The Deadline for Claiming This Credit Is June 30, 2017

The only exception to this rule is if you have filed for an extension of time to file, via federal Form 4868, state Form IT-9, or by making an online extension payment. Having an extension will allow you to claim this credit through Nov. 14, 2017. See *Extension of Time to File – What if You Can't File on Time?* on page 7 for information about getting an extension of time to file.

Note. You cannot file Form SC-40 if filing after June 30, 2017, even if you have an extension of time to file. You must file Form IT-40 to be eligible to claim this credit.

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 the tax year, both were Indiana residents for at least six months and both were age 65 or older by Dec. 31, 2016, **or**
- Both you and your spouse met all the above-requirements and your spouse died after Jan. 1, 2016.

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, or
- You are filing a joint return and only one was an Indiana resident for at least six months, or you are married but did not live with your spouse during the tax year, 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)

If you are eligible for an earned income credit on your federal tax return, you may be eligible for Indiana's earned income credit, too. Here are some important things to know:
- You must be eligible for and have claimed an EIC on your federal tax return. If not, STOP. You are not eligible to claim Indiana's EIC.
- Your income on Form IT-40, line 1 (or Indiana's Schedule A, line 37A), must be less than $44,600. If it is the same amount or more, STOP. You are not eligible to claim Indiana's EIC.
- Schedule IN-EIC must be completed and enclosed by all filers claiming the EIC.

Indiana's Publication EIC is available for additional information. It may be viewed online at www.in.gov/dor/5506.htm.

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

To figure 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 2016 federal tax return (on federal Form 1040, line 66a; Form 1040A, line 42a; or on Form 1040EZ, line 8a)?

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

2. If, in 2016:
- 2 or more children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $44,600?
- 1 child lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $39,250?
- No children lived with you, is the amount on Form IT-40, line 1 (Indiana's Schedule A, line 37A), less than $14,800?

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 $3,400?

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

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

No. STOP. You cannot take the credit.

Yes. If the amount on federal Form 1040, line 13, includes an amount from federal Form 4797, you must use **Worksheet 1** in Indiana's Publication EIC (located online at www.in.gov/dor/5506.htm) to see if you can take the EIC. Otherwise, **STOP**; you cannot take the EIC.

4. Do any of the following apply for 2016?

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

Yes. You must use **Worksheet 3** in Indiana's Publication EIC to see if you can take the credit. You may find Publication EIC at www.in.gov/dor/5506.htm.

No. Go to Step 3.

Step 3 Qualifying Child

Did a child live with you in 2016?
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 27)

AND, was…

- Under age 19 at the end of 2016 and younger than you (or your spouse, if filing jointly), or
- Under age 24 at the end of 2016, a student (see page 27), and younger than you (or your spouse, if filing jointly), or
- Any age and permanently and totally disabled (see page 27),

AND, who…

Is not filing a joint return for 2016, or is filing a joint return for 2016 only as a claim for refund,

AND, who…

Lived with you in the United States for more than half of 2016 or, if a foster child, for all of 2016. If the child did not live with you for the required time, see *Exception to "time lived with you"* on page 27.

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 2016, or the child was married, see page 27.

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 2016*. If at least one qualifying child has a valid SSN (or was born and died in 2016), go to Step 5.

No. *Continue to Step 4.*

**Exception.* If your qualified dependent child was born and died in 2016 and you do not have an SSN for the child, you may be able to claim the child for earned income credit purposes (see page 27).

Step 4 Filers Without a Qualifying Child

If you have no qualifying child (see Step 3) but you claimed an EIC on your federal tax return (federal Form 1040, line 66a; Form 1040A, line 42a; or on Form 1040EZ, line 8a), then you may be eligible to claim Indiana's EIC. Continue to Step 5.

Step 5 Modified Adjusted Gross Income (MAGI)

Add amounts from:

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

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

2. If you have:
- 2 or more qualifying children, is Box A less than $44,600?
- 1 qualifying child, is Box A less than $39,250?
- No qualifying children, is Box A less than $14,800?

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, in the next column.
No. *Continue.*

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

Subtract, if included on line A above, any:
- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received for work performed while an inmate in a penal institution.
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan. This amount may be shown in Box 11 of Form W-2. If you received such an amount but Box 11 is blank, contact your employer for the amount received as a pension or annuity.
- Amount of the qualified foster care payments included in Box 1 of Form W-2 that you have elected to exclude from your federal adjusted gross income - ____________

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

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

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

3. Were you self-employed at any time in 2016, 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 29.
No. *Continue.*

4. If you have:
- 2 or more qualifying children, is your total earned income (Box B) less than $44,600?
- 1 qualifying child, is your total earned income (Box B) less than $39,250?
- No qualifying children, is your total earned income (Box B) less than $14,800?

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

Step 7 How to Figure the Credit

Go to **Worksheet A** on page 28.

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;
- 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.
- Subtract that amount from the amount on federal Form 1040, line 7. Enter the result in the first space of Step 6, line 2.
- 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 2016 if the child was born or died in 2016 and your home was this child's home for the entire time he or she was alive in 2016. 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 (www.in.gov/dor/5506.htm) to find out if that child is a qualifying child for the EIC. If you were in the military stationed outside the United States, see *Members of the military* below.

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 (www.in.gov/dor/5506.htm) 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-grandchild, etc.

Married child. A child who was married at the end of 2016 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.

***Indiana's Publication EIC**, available online at www.in.gov/dor/5506.htm, has additional information, including rules if you have a qualifying child, an investment income calculation worksheet, additional definitions, tiebreaker rules, etc.

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 2016, 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 2016 may treat that child as a qualifying child. The other person(s) cannot take the EIC for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule does not apply. If you have the highest MAGI, this child is your qualifying child. If you do not have the highest MAGI, **STOP**; you cannot take the EIC. See Step 5 to figure your modified adjusted gross income.

*Example***.** You and your 8-year-old daughter moved in with your mother in 2016. 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 2016 was $8,000 and your mother's was $14,000. Because your mother's MAGI was higher, your daughter is your mother's qualifying child for EIC purposes. You **cannot** figure an EIC using your child as a qualifying child, even if your mother does not claim the credit.

Social Security Number. Your child must have a valid Social Security number (SSN) unless the child was born and died in 2016. If your dependent child was born and died in 2016 and you do not have an SSN for the child, you will be able to claim the child for purposes of claiming Indiana's earned income credit as long as all the other requirements have been met. For more information, see the instructions on Schedule IN-EIC.

Student. A student is a child who, during any 5 months of 2016, 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. Use Worksheet A if you answered "No" to Step 6, question 3. Use Worksheet B if you answered "Yes" to Step 6, question 3.

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* (beginning on page 31) to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here............ 2 ______

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

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

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

5. If you have:
   - No qualifying children, is the amount on line 3 less than $8,400?
   - 1 or more qualifying children, is the amount on line 3 less than $18,200?

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

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

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

Part 3: Your Indiana earned income credit

6. This is the amount from Part 1 or Part 2 above .... 6 ______
7. If you have an alternative minimum tax on either your federal Form 1040, line 45, or included in the total on federal Form 1040A, line 28, then multiply that amount by 9 percent (.09) and enter the result here............ 7 ______
8. Subtract line 7 from line 6 (if zero or less, **STOP**. You cannot take a credit). Enter this amount here............ 8 ______
9. Enter the earned income credit claimed on your federal income tax return (Form 1040, line 66a; Form 1040A, line 42a; or Form 1040EZ, line 8a)............ 9 ______
10. Multiply line 9 by .09 (9%). Enter result here .... 10 ______
11. Look at the amount on line 8 and on line 10. Then, enter the **smaller** amount here and on Schedule IN-EIC, line A-3............ **Indiana Earned Income Credit** 11 ______

Final Step – You <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

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

Part 4: All filers using Worksheet B

4a. Enter your earned income from Step 6, Box B .... 4a ________

b. Add lines 1e, 2c, 3 and 4a. **This is your total earned income** .... 4b ________

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

5. If you have:
   - 2 or more qualifying children, is line 4b less than $44,600?
   - 1 qualifying child, is line 4b less than $39,250?
   - No qualifying children, is line 4b less than $14,800?

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* (beginning on page 31) to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here .... 7 ______

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

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

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

No. Go to line 10.

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

10. If you have:
    - No qualifying children, is the amount on line 8 less than $8,400?
    - 1 or more qualifying children, is the amount on line 8 less than $18,200?

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* (beginning on page 31) to find the credit. Be sure you use the correct column for the number of children you can claim. Enter the credit here .... 10 ______

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

Part 7: Your Indiana earned income credit.

11. This is the amount from Part 5 or Part 6 above .... 11 ______
12. If you have an alternative minimum tax on either your federal Form 1040, line 45, or included in the total on federal Form 1040A, line 28, then multiply that amount by 9 percent (.09) and enter the result here .... 12 ______
13. Subtract line 12 from line 11 (if zero or less, **STOP**. You cannot take a credit). Enter this amount here .... 13 ______
14. Enter the earned income credit claimed on your federal income tax return (Form 1040, line 66a; Form 1040A, line 42a; or Form 1040EZ, line 8a) .... 14 ______
15. Multiply line 14 by .09 (9%). Enter result here .... 15 ______
16. Look at the amount on line 13 and on line 15. Then, enter the smaller amount here and on Schedule IN-EIC, line A-3 .... **Indiana Earned Income Credit** 16 ______

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

2016 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	12	14
400	**450**	3	13	15
450	**500**	3	15	17
500	**550**	4	16	19
550	**600**	4	18	21
600	**650**	4	19	23
650	**700**	5	21	24
700	**750**	5	22	26
750	**800**	5	24	28
800	**850**	6	25	30
850	**900**	6	27	32
900	**950**	6	28	33
950	**1000**	7	30	35
1000	**1050**	7	31	37
1050	**1100**	7	33	39
1100	**1150**	8	34	41
1150	**1200**	8	36	42
1200	**1250**	8	38	44
1250	**1300**	9	39	46
1300	**1350**	9	41	48
1350	**1400**	9	42	50
1400	**1450**	10	44	51
1450	**1500**	10	45	53
1500	**1550**	11	47	55
1550	**1600**	11	48	57
1600	**1650**	11	50	59
1650	**1700**	12	51	60
1700	**1750**	12	53	62
1750	**1800**	12	54	64
1800	**1850**	13	56	66
1850	**1900**	13	57	68
1900	**1950**	13	59	69
1950	**2000**	14	60	71

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
2000	**2050**	14	62	73
2050	**2100**	14	64	75
2100	**2150**	15	65	77
2150	**2200**	15	67	78
2200	**2250**	15	68	80
2250	**2300**	16	70	82
2300	**2350**	16	71	84
2350	**2400**	16	73	86
2400	**2450**	17	74	87
2450	**2500**	17	76	89
2500	**2550**	17	77	91
2550	**2600**	18	79	93
2600	**2650**	18	80	95
2650	**2700**	18	82	96
2700	**2750**	19	83	98
2750	**2800**	19	85	100
2800	**2850**	19	86	102
2850	**2900**	20	88	104
2900	**2950**	20	90	105
2950	**3000**	21	91	107
3000	**3050**	21	93	109
3050	**3100**	21	94	111
3100	**3150**	22	96	113
3150	**3200**	22	97	114
3200	**3250**	22	99	116
3250	**3300**	23	100	118
3300	**3350**	23	102	120
3350	**3400**	23	103	122
3400	**3450**	24	105	123
3450	**3500**	24	106	125
3500	**3550**	24	108	127
3550	**3600**	25	109	129
3600	**3650**	25	111	131
3650	**3700**	25	113	132
3700	**3750**	26	114	134
3750	**3800**	26	116	136
3800	**3850**	26	117	138
3850	**3900**	27	119	140
3900	**3950**	27	120	141
3950	**4000**	27	122	143

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
4000	**4050**	28	123	145
4050	**4100**	28	125	147
4100	**4150**	28	126	149
4150	**4200**	29	128	150
4200	**4250**	29	129	152
4250	**4300**	29	131	154
4300	**4350**	30	132	156
4350	**4400**	30	134	158
4400	**4450**	31	135	159
4450	**4500**	31	137	161
4500	**4550**	31	139	163
4550	**4600**	32	140	165
4600	**4650**	32	142	167
4650	**4700**	32	143	168
4700	**4750**	32	145	170
4750	**4800**	33	146	172
4800	**4850**	33	148	174
4850	**4900**	34	149	176
4900	**4950**	34	151	177
4950	**5000**	34	152	179
5000	**5050**	35	154	181
5050	**5100**	35	155	183
5100	**5150**	35	157	185
5150	**5200**	36	158	186
5200	**5250**	36	160	188
5250	**5300**	36	161	190
5300	**5350**	37	163	192
5350	**5400**	37	165	194
5400	**5450**	37	166	195
5450	**5500**	38	168	197
5500	**5550**	38	169	199
5550	**5600**	38	171	201
5600	**5650**	39	172	203
5650	**5700**	39	174	204
5700	**5750**	39	175	206
5750	**5800**	40	177	208
5800	**5850**	40	178	210
5850	**5900**	40	180	212
5900	**5950**	41	181	213
5950	**6000**	41	183	215

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
6000	**6050**	41	184	217
6050	**6100**	42	186	219
6100	**6150**	42	187	221
6150	**6200**	42	189	222
6200	**6250**	43	191	224
6250	**6300**	43	192	226
6300	**6350**	44	194	228
6350	**6400**	44	195	230
6400	**6450**	44	197	231
6450	**6500**	45	198	233
6500	**6550**	45	200	235
6550	**6600**	45	201	237
6600	**6650**	46	203	239
6650	**6700**	46	204	240
6700	**6750**	46	206	242
6750	**6800**	46	207	244
6800	**6850**	46	209	246
6850	**6900**	46	210	248
6900	**6950**	46	212	249
6950	**7000**	46	213	251
7000	**7050**	46	215	253
7050	**7100**	46	217	255
7100	**7150**	46	218	257
7150	**7200**	46	220	258
7200	**7250**	46	221	260
7250	**7300**	46	223	262
7300	**7350**	46	224	264
7350	**7400**	46	226	266
7400	**7450**	46	227	267
7450	**7500**	46	229	269
7500	**7550**	46	230	271
7550	**7600**	46	232	273
7600	**7650**	46	233	275
7650	**7700**	46	235	276
7700	**7750**	46	236	278
7750	**7800**	46	238	280
7800	**7850**	46	239	282
7850	**7900**	46	241	284
7900	**7950**	46	243	285
7950	**8000**	46	244	287

2016 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is — At least	But less than	And you have — No children — Your credit is —	One child	Two children
8000	**8050**	46	246	289
8050	**8100**	46	247	291
8100	**8150**	46	249	293
8150	**8200**	46	250	294
8200	**8250**	46	252	296
8250	**8300**	45	253	298
8300	**8350**	45	255	300
8350	**8400**	45	256	302
8400	**8450**	44	258	303
8450	**8500**	44	259	305
8500	**8550**	44	261	307
8550	**8600**	43	262	309
8600	**8650**	43	264	311
8650	**8700**	43	266	312
8700	**8750**	42	267	314
8750	**8800**	42	269	316
8800	**8850**	42	270	318
8850	**8900**	41	272	320
8900	**8950**	41	273	321
8950	**9000**	41	275	323
9000	**9050**	40	276	325
9050	**9100**	40	278	327
9100	**9150**	40	279	329
9150	**9200**	39	281	330
9200	**9250**	39	282	332
9250	**9300**	39	284	334
9300	**9350**	38	285	336
9350	**9400**	38	287	338
9400	**9450**	38	288	339
9450	**9500**	37	290	341
9500	**9550**	37	292	343
9550	**9600**	37	293	345
9600	**9650**	36	295	347
9650	**9700**	36	296	348
9700	**9750**	35	298	350
9750	**9800**	35	299	352
9800	**9850**	35	301	354
9850	**9900**	34	302	356
9900	**9950**	34	304	357
9950	**10000**	34	304	359
10000	**10050**	33	304	361
10050	**10100**	33	304	363
10100	**10150**	33	304	365
10150	**10200**	32	304	366
10200	**10250**	32	304	368
10250	**10300**	32	304	370
10300	**10350**	31	304	372
10350	**10400**	31	304	374
10400	**10450**	31	304	375
10450	**10500**	30	304	377
10500	**10550**	30	304	379
10550	**10600**	30	304	381
10600	**10650**	29	304	383
10650	**10700**	29	304	384
10700	**10750**	29	304	386
10750	**10800**	28	304	388
10800	**10850**	28	304	390
10850	**10900**	28	304	392
10900	**10950**	27	304	393
10950	**11000**	27	304	395
11000	**11050**	27	304	397
11050	**11100**	26	304	399
11100	**11150**	26	304	401
11150	**11200**	25	304	402
11200	**11250**	25	304	404
11250	**11300**	25	304	406
11300	**11350**	24	304	408
11350	**11400**	24	304	410
11400	**11450**	24	304	411
11450	**11500**	23	304	413
11500	**11550**	23	304	415
11550	**11600**	23	304	417
11600	**11650**	22	304	419
11650	**11700**	22	304	420
11700	**11750**	22	304	422
11750	**11800**	21	304	424
11800	**11850**	21	304	426
11850	**11900**	21	304	428
11900	**11950**	20	304	429
11950	**12000**	20	304	431
12000	**12050**	20	304	433
12050	**12100**	19	304	435
12100	**12150**	19	304	437
12150	**12200**	19	304	438
12200	**12250**	18	304	440
12250	**12300**	18	304	442
12300	**12350**	18	304	444
12350	**12400**	17	304	446
12400	**12450**	17	304	447
12450	**12500**	17	304	449
12500	**12550**	16	304	451
12550	**12600**	16	304	453
12600	**12650**	16	304	455
12650	**12700**	15	304	456
12700	**12750**	15	304	458
12750	**12800**	14	304	460
12800	**12850**	14	304	462
12850	**12900**	14	304	464
12900	**12950**	14	304	465
12950	**13000**	13	304	467
13000	**13050**	13	304	469
13050	**13100**	12	304	471
13100	**13150**	12	304	473
13150	**13200**	12	304	474
13200	**13250**	11	304	476
13250	**13300**	11	304	478
13300	**13350**	11	304	480
13350	**13400**	10	304	482
13400	**13450**	10	304	483
13450	**13500**	10	304	485
13500	**13550**	9	304	487
13550	**13600**	9	304	489
13600	**13650**	9	304	491
13650	**13700**	8	304	492
13700	**13750**	8	304	494
13750	**13800**	8	304	496
13800	**13850**	7	304	498
13850	**13900**	7	304	500
13900	**13950**	7	304	501
13950	**14000**	6	304	501
14000	**14050**	6	304	501
14050	**14100**	6	304	501
14100	**14150**	5	304	501
14150	**14200**	5	304	501
14200	**14250**	5	304	501
14250	**14300**	4	304	501
14300	**14350**	4	304	501
14350	**14400**	4	304	501
14400	**14450**	3	304	501
14450	**14500**	3	304	501
14500	**14550**	2	304	501
14550	**14600**	2	304	501
14600	**14650**	2	304	501
14650	**14700**	1	304	501
14700	**14750**	1	304	501
14750	**14800**	1	304	501
14800	**14850**		304	501
14850	**14900**		304	501
14900	**14950**		304	501
14950	**15000**		304	501
15000	**15050**		304	501
15050	**15100**		304	501
15100	**15150**		304	501
15150	**15200**		304	501
15200	**15250**		304	501
15250	**15300**		304	501
15300	**15350**		304	501
15350	**15400**		304	501
15400	**15450**		304	501
15450	**15500**		304	501
15500	**15550**		304	501
15550	**15600**		304	501
15600	**15650**		304	501
15650	**15700**		304	501
15700	**15750**		304	501
15750	**15800**		304	501
15800	**15850**		304	501
15850	**15900**		304	501
15900	**15950**		304	501
15950	**16000**		304	501
16000	**16050**		304	501
16050	**16100**		304	501
16100	**16150**		304	501
16150	**16200**		304	501
16200	**16250**		304	501
16250	**16300**		304	501
16300	**16350**		304	501
16350	**16400**		304	501
16400	**16450**		304	501
16450	**16500**		304	501
16500	**16550**		304	501
16550	**16600**		304	501
16600	**16650**		304	501
16650	**16700**		304	501
16700	**16750**		304	501
16750	**16800**		304	501
16800	**16850**		304	501
16850	**16900**		304	501
16900	**16950**		304	501
16950	**17000**		304	501
17000	**17050**		304	501
17050	**17100**		304	501
17100	**17150**		304	501
17150	**17200**		304	501
17200	**17250**		304	501
17250	**17300**		304	501
17300	**17350**		304	501
17350	**17400**		304	501
17400	**17450**		304	501
17450	**17500**		304	501
17500	**17550**		304	501
17550	**17600**		304	501

2016 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —		
		No children	One child	Two children
At least	But less than	Your credit is —		
17600	17650		304	501
17650	17700		304	501
17700	17750		304	501
17750	17800		304	501
17800	17850		304	501
17850	17900		304	501
17900	17950		304	501
17950	18000		304	501
18000	18050		304	501
18050	18100		304	501
18100	18150		304	501
18150	18200		304	501
18200	18250		303	501
18250	18300		302	500
18300	18350		302	499
18350	18400		301	498
18400	18450		300	497
18450	18500		299	496
18500	18550		299	495
18550	18600		298	494
18600	18650		297	493
18650	18700		297	492
18700	18750		296	491
18750	18800		295	490
18800	18850		294	489
18850	18900		294	489
18900	18950		293	488
18950	19000		292	487
19000	19050		292	486
19050	19100		291	485
19100	19150		290	484
19150	19200		289	483
19200	19250		289	482
19250	19300		288	481
19300	19350		287	480
19350	19400		286	479
19400	19450		286	478
19450	19500		285	477
19500	19550		284	476
19550	19600		284	475
19600	19650		283	474
19650	19700		282	473
19700	19750		282	472
19750	19800		281	471
19800	19850		280	471
19850	19900		279	470
19900	19950		279	469
19950	20000		278	468
20000	20050		277	467
20050	20100		276	466
20100	20150		276	465
20150	20200		275	464
20200	20250		274	463
20250	20300		274	462
20300	20350		273	461
20350	20400		272	460
20400	20450		271	459
20450	20500		271	458
20500	20550		270	457
20550	20600		269	456
20600	20650		269	455
20650	20700		268	454
20700	20750		267	453
20750	20800		266	453
20800	20850		266	452
20850	20900		265	451
20900	20950		264	450
20950	21000		264	449
21000	21050		263	448
21050	21100		262	447
21100	21150		261	446
21150	21200		261	445
21200	21250		260	444
21250	21300		259	443
21300	21350		258	442
21350	21400		258	441
21400	21450		257	440
21450	21500		256	439
21500	21550		256	438
21550	21600		255	437
21600	21650		254	436
21650	21700		253	435
21700	21750		253	435
21750	21800		252	434
21800	21850		251	433
21850	21900		251	432
21900	21950		250	431
21950	22000		249	430
22000	22050		248	429
22050	22100		248	428
22100	22150		247	427
22150	22200		246	426
22200	22250		246	425
22250	22300		245	424
22300	22350		244	423
22350	22400		243	422
22400	22450		243	421
22450	22500		242	420
22500	22550		241	419
22550	22600		240	418
22600	22650		240	417
22650	22700		239	416
22700	22750		238	416
22750	22800		238	415
22800	22850		237	414
22850	22900		236	413
22900	22950		235	412
22950	23000		235	411
23000	23050		234	410
23050	23100		233	409
23100	23150		233	408
23150	23200		232	407
23200	23250		231	406
23250	23300		230	405
23300	23350		230	404
23350	23400		229	403
23400	23450		228	402
23450	23500		228	401
23500	23550		227	400
23550	23600		226	399
23600	23650		225	398
23650	23700		225	398
23700	23750		224	397
23750	23800		223	396
23800	23850		222	395
23850	23900		222	394
23900	23950		221	393
23950	24000		220	392
24000	24050		220	391
24050	24100		219	390
24100	24150		218	389
24150	24200		217	388
24200	24250		217	387
24250	24300		216	386
24300	24350		215	385
24350	24400		215	384
24400	24450		214	383
24450	24500		213	382
24500	24550		212	381
24550	24600		212	380
24600	24650		211	380
24650	24700		210	379
24700	24750		210	378
24750	24800		209	377
24800	24850		208	376
24850	24900		207	375
24900	24950		207	374
24950	25000		206	373
25000	25050		205	372
25050	25100		205	371
25100	25150		204	370
25150	25200		203	369
25200	25250		202	368
25250	25300		202	367
25300	25350		201	366
25350	25400		200	365
25400	25450		200	364
25450	25500		199	363
25500	25550		198	362
25550	25600		197	362
25600	25650		197	361
25650	25700		196	360
25700	25750		195	359
25750	25800		194	358
25800	25850		194	357
25850	25900		193	356
25900	25950		192	355
25950	26000		192	354
26000	26050		191	353
26050	26100		190	352
26100	26150		189	351
26150	26200		189	350
26200	26250		188	349
26250	26300		187	348
26300	26350		187	347
26350	26400		186	346
26400	26450		185	345
26450	26500		184	344
26500	26550		184	344
26550	26600		183	343
26600	26650		182	342
26650	26700		182	341
26700	26750		181	340
26750	26800		180	339
26800	26850		179	338
26850	26900		179	337
26900	26950		178	336
26950	27000		177	335
27000	27050		176	334
27050	27100		176	333
27100	27150		175	332
27150	27200		174	331

2016 Indiana Earned Income Credit (EIC) Table — *Continued*

If the amount you are looking up from the worksheet is —		And you have —		
At least	But less than	No children	One child	Two children
		Your credit is —		
27200	27250		174	330
27250	27300		173	329
27300	27350		172	328
27350	27400		171	327
27400	27450		171	326
27450	27500		170	326
27500	27550		169	325
27550	27600		169	324
27600	27650		168	323
27650	27700		167	322
27700	27750		166	321
27750	27800		166	320
27800	27850		165	319
27850	27900		164	318
27900	27950		164	317
27950	28000		163	316
28000	28050		162	315
28050	28100		161	314
28100	28150		161	313
28150	28200		160	312
28200	28250		159	311
28250	28300		158	310
28300	28350		158	309
28350	28400		157	308
28400	28450		156	308
28450	28500		156	307
28500	28550		155	306
28550	28600		154	305
28600	28650		153	304
28650	28700		153	303
28700	28750		152	302
28750	28800		151	301
28800	28850		151	300
28850	28900		150	299
28900	28950		149	298
28950	29000		148	297
29000	29050		148	296
29050	29100		147	295
29100	29150		146	294
29150	29200		146	293
29200	29250		145	292
29250	29300		144	291
29300	29350		143	290
29350	29400		143	289
29400	29450		142	289
29450	29500		141	288
29500	29550		140	287
29550	29600		140	286
29600	29650		139	285
29650	29700		138	284
29700	29750		138	283
29750	29800		137	282
29800	29850		136	281
29850	29900		136	280
29900	29950		135	279
29950	30000		134	278
30000	30050		133	277
30050	30100		133	276
30100	30150		132	275
30150	30200		131	274
30200	30250		131	273
30250	30300		130	272
30300	30350		129	271
30350	30400		128	271
30400	30450		128	270
30450	30500		127	269
30500	30550		126	268
30550	30600		125	267
30600	30650		125	266
30650	30700		124	265
30700	30750		123	264
30750	30800		123	263
30800	30850		122	262
30850	30900		121	261
30900	30950		120	260
30950	31000		120	259
31000	31050		119	258
31050	31100		118	257
31100	31150		118	256
31150	31200		117	255
31200	31250		116	254
31250	31300		115	253
31300	31350		115	253
31350	31400		114	252
31400	31450		113	251
31450	31500		113	250
31500	31550		112	249
31550	31600		111	248
31600	31650		110	247
31650	31700		110	246
31700	31750		109	245
31750	31800		108	244
31800	31850		107	243
31850	31900		107	242
31900	31950		106	241
31950	32000		105	240
32000	32050		105	239
32050	32100		104	238
32100	32150		103	237
32150	32200		102	236
32200	32250		102	235
32250	32300		101	235
32300	32350		100	234
32350	32400		100	233
32400	32450		99	232
32450	32500		98	231
32500	32550		97	230
32550	32600		97	229
32600	32650		96	228
32650	32700		95	227
32700	32750		95	226
32750	32800		94	225
32800	32850		93	224
32850	32900		92	223
32900	32950		92	222
32950	33000		91	221
33000	33050		90	220
33050	33100		89	219
33100	33150		89	218
33150	33200		88	217
33200	33250		87	217
33250	33300		87	216
33300	33350		86	215
33350	33400		85	214
33400	33450		84	213
33450	33500		84	212
33500	33550		83	211
33550	33600		82	210
33600	33650		82	209
33650	33700		81	208
33700	33750		80	207
33750	33800		79	206
33800	33850		79	205
33850	33900		78	204
33900	33950		77	203
33950	34000		77	202
34000	34050		76	201
34050	34100		75	200
34100	34150		74	199
34150	34200		74	199
34200	34250		73	198
34250	34300		72	197
34300	34350		71	196
34350	34400		71	195
34400	34450		70	194
34450	34500		69	193
34500	34550		69	192
34550	34600		68	191
34600	34650		67	190
34650	34700		66	189
34700	34750		66	188
34750	34800		65	187
34800	34850		64	186
34850	34900		64	185
34900	34950		63	184
34950	35000		62	183
35000	35050		61	182
35050	35100		61	181
35100	35150		60	180
35150	35200		59	180
35200	35250		59	179
35250	35300		58	178
35300	35350		57	177
35350	35400		56	176
35400	35450		56	175
35450	35500		55	174
35500	35550		54	173
35550	35600		54	172
35600	35650		53	171
35650	35700		52	170
35700	35750		51	169
35750	35800		51	168
35800	35850		50	167
35850	35900		49	166
35900	35950		49	165
35950	36000		48	164
36000	36050		47	163
36050	36100		46	162
36100	36150		46	162
36150	36200		45	161
36200	36250		44	160
36250	36300		43	159
36300	36350		43	158
36350	36400		42	157
36400	36450		41	156
36450	36500		41	155
36500	36550		40	154
36550	36600		39	153
36600	36650		38	152
36650	36700		38	151
36700	36750		37	150
36750	36800		36	149

2016 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 —		
36800	36850		36	148
36850	36900		35	147
36900	36950		34	146
36950	37000		33	145
37000	37050		33	144
37050	37100		32	144
37100	37150		31	143
37150	37200		31	142
37200	37250		30	141
37250	37300		29	140
37300	37350		28	139
37350	37400		28	138
37400	37450		27	137
37450	37500		26	136
37500	37550		25	135
37550	37600		25	134
37600	37650		24	133
37650	37700		23	132
37700	37750		23	131
37750	37800		22	130
37800	37850		21	129
37850	37900		20	128
37900	37950		20	127
37950	38000		19	126
38000	38050		18	126
38050	38100		18	125
38100	38150		17	124
38150	38200		16	123
38200	38250		15	122
38250	38300		15	121
38300	38350		14	120
38350	38400		13	119
38400	38450		13	118
38450	38500		12	117
38500	38550		11	116
38550	38600		10	115
38600	38650		10	114
38650	38700		9	113
38700	38750		8	112
38750	38800		7	111
38800	38850		7	110
38850	38900		6	109
38900	38950		5	108
38950	39000		5	108
39000	39050		4	107
39050	39100		3	106
39100	39150		2	105
39150	39200		2	104
39200	39250		1	103
39250	39300		0	102
39300	39350			101
39350	39400			100
39400	39450			99
39450	39500			98
39500	39550			97
39550	39600			96
39600	39650			95
39650	39700			94
39700	39750			93
39750	39800			92
39800	39850			91
39850	39900			90
39900	39950			90
39950	40000			89
40000	40050			88
40050	40100			87
40100	40150			86
40150	40200			85
40200	40250			84
40250	40300			83
40300	40350			82
40350	40400			81
40400	40450			80
40450	40500			79
40500	40550			78
40550	40600			77
40600	40650			76
40650	40700			75
40700	40750			74
40750	40800			73
40800	40850			72
40850	40900			72
40900	40950			71
40950	41000			70
41000	41050			69
41050	41100			68
41100	41150			67
41150	41200			66
41200	41250			65
41250	41300			64
41300	41350			63
41350	41400			62
41400	41450			61
41450	41500			60
41500	41550			59
41550	41600			58
41600	41650			57
41650	41700			56
41700	41750			55
41750	41800			54
41800	41850			53
41850	41900			53
41900	41950			52
41950	42000			51
42000	42050			50
42050	42100			49
42100	42150			48
42150	42200			47
42200	42250			46
42250	42300			45
42300	42350			44
42350	42400			43
42400	42450			42
42450	42500			41
42500	42550			40
42550	42600			39
42600	42650			38
42650	42700			37
42700	42750			36
42750	42800			35
42800	42850			35
42850	42900			34
42900	42950			33
42950	43000			32
43000	43050			31
43050	43100			30
43100	43150			29
43150	43200			28
43200	43250			27
43250	43300			26
43300	43350			25
43350	43400			24
43400	43450			23
43450	43500			22
43500	43550			21
43550	43600			20
43600	43650			19
43650	43700			18
43700	43750			17
43750	43800			17
43800	43850			16
43850	43900			15
43900	43950			14
43950	44000			13
44000	44050			12
44050	44100			11
44100	44150			10
44150	44200			9
44200	44250			8
44250	44300			7
44300	44350			6
44350	44400			5
44400	44450			4
44450	44500			3
44500	44550			2
44550	44600			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) 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 Indiana Adjusted Gross Income (AGI) is less than $18,600.** You must complete the *Indiana AGI Worksheet* below to figure your Indiana AGI.

3. **You are <u>not</u> claiming the *Homeowner's Residential Property Tax Deduction* on Indiana Schedule 2, line 2.**

Complete the following steps to see if you are eligible to claim this credit.

<u>STEP 1</u>

- Did you pay property tax to Lake County (Indiana) on your residence during the year? ☐ Yes ☐ No
- If you answered no, **STOP**. You do not qualify for this credit.
- If you answered yes, complete the *Indiana AGI Worksheet*.*

*Important. Do not include any homeowner's property tax deduction in the amount on line 1 of the worksheet as you are not eligible to use this deduction if claiming the Lake County Residential Income Tax Credit.

Indiana AGI Worksheet

1.	Enter amount from Form IT-40, line 7		1 ______
	Enter the Following Add-Backs if Reported on Schedule 1		
2.	Qualified electric utility amortization add-back	2 ______	
3.	Other (current year conformity) add-back	3 ______	
4.	Subtotal. Add lines 2 and 3		4 ______
5.	Subtract line 4 from line 1		5 ______
	Enter the Following Deductions if Reported on Schedule 2		
6.	Civil service annuity deduction	6 ______	
7.	Disability retirement deduction	7 ______	
8.	Enterprise zone employee deduction	8 ______	
9.	Indiana lottery winnings annuity deduction	9 ______	
10.	Indiana net operating loss deduction	10 ______	
11.	Military service deduction	11 ______	
12.	Nontaxable portion of unemployment compensation deduction	12 ______	
13.	Olympic/Paralympic Medal Winners deduction	13 ______	
14.	Private school/homeschool deduction	14 ______	
15.	Renter's deduction	15 ______	
16.	Subtotal. Add lines 6 through 15		16 ______
17.	Add line 5 plus line 16. Enter total here. (If the amount is more than $18,599, **STOP**. You do not qualify for this credit.*) **Indiana AGI**		17 ______

STEP 2 Look at the completed *Indiana AGI Worksheet*.

- If the amount on Line 17 is greater than $18,599, **STOP**. You do not qualify for this credit.*
- If the amount on Line 17 is less than $18,000, go to *Worksheet A* to figure your credit.
- If the amount on Line 17 is between $18,000 and $18,599, go to *Worksheet B* to figure your credit.

*If your Indiana AGI is greater than $18,599, you may be eligible to claim the *Homeowner's Residential Property Tax Deduction*. See Indiana's Schedule 2, line 2 instructions to see if you meet the requirements.

Worksheet A:

Complete if line 17 of the Indiana AGI Worksheet is less than $18,000.

A1	Enter the amount of Indiana property tax you paid on your Lake County residence	**A1** $ ________
A2	Maximum credit	**A2** $ 300
A3	Enter the **smaller** of A1 or A2. This is your credit. Enter here and on Schedule 5, line 6	**A3** $________

Worksheet B: Indiana AGI Phaseout

Complete if line 17 of the Indiana AGI Worksheet is between $18,000 and $18,600.

B1	Allowable maximum earned income	**B1** $ 18,600
B2	Enter the amount from line 17 of the Indiana AGI Worksheet	**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 0.5	**B4** $ ________
B5	Enter the amount of Indiana property tax you paid on your Lake County residence	**B5** $ ________
B6	Enter the smaller of B4 or B5. This is your credit. Enter here and on Schedule 5, 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.

Lines 7 and 8: Economic Development for a Growing Economy Credit (EDGE); Economic Development for a Growing Economy Retention Credit (EDGE-R)

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

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

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

To claim these credits you must complete and enclose Schedule IN-EDGE or Schedule IN-EDGE-R, which are located online at www.in.gov/dor/5506.htm. The information to be reported on Schedule IN-EDGE or Schedule IN-EDGE-R is located on the Indiana Schedule IN K-1 or on the approved credit agreement letter from the IEDC.

Schedule IN-DONATE

Each of the following funds has been assigned a three-digit code number. When listing your contribution on Schedule IN-DONATE under line 1, enter the name of the fund, the three-digit code number and the amount to be contributed.

You may contribute all or a portion of your Form IT-40, line 16 overpayment to the following funds:

- **Indiana Nongame Wildlife Fund 200**

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

Enter both the name of the fund and the amount you wish to donate under line 1, and enter 200 as the designated 3-digit code number. Also, see the **Limitation** on the next page.

If you do not have an overpayment, but want to support the Wildlife Diversity Section, do not change your tax return. You may make a contribution online at www.in.gov/dnr/fishwild/3316.htm.

- **Military Family Relief Fund 201**

The Indiana Department of Veterans Affairs' Military Family Relief Fund provides emergency grants to be used by military and veteran families. The funds can be utilized for needs such as food, housing, utilities, medical services, transportation, and other essential family support expenses which have become difficult to afford. The Military Family Relief Fund has helped more than 2000 families since its inception in 2007.

Enter both the name of the fund and the amount you wish to donate under line 1, and enter 201 as the designated 3-digit code number. Also, see the **Limitation** below.

If you do not have an overpayment, but want to support the Military Family Relief Fund, you may make a contribution by writing a check made payable to the *Military Family Relief Fund* and send it to the Indiana Department of Veterans Affairs, 302 W. Washington Street, Suite E-120, Indianapolis, IN 46204.

- **Public K – 12 Education Fund 202**

You may donate all or a portion of your overpayment to help fund public education for kindergarten through grade 12 in Indiana. Enter both the name of the fund and the amount you wish to donate under line 1, and enter 202 as the designated 3-digit code number. Also, see the **Limitation** below.

Limitation

The combination of the amounts you wish to donate to these funds **cannot exceed** the overpayment shown on Form IT-40, line 16.

- If the total of the donations designated on this schedule is more than your available overpayment, the donation(s) will be reduced on a pro rata basis. For example, Sam wants to donate $20 to each fund, for a total of $60. His actual overpayment is $51. The donations to the three funds will be evenly reduced to $17 each.

- If you entered a donation to one or more of these funds, and wish to apply some of your overpayment to next years estimated tax account, the overpayment will be applied first to the selected fund(s) and then to the estimated tax account. Any remaining overpayment will be refunded to you. For example, Aaron donated $100 to the Indiana Nongame Wildlife Fund, and is applying $50 to next year's estimated tax account. His actual overpayment is only $110. The full $100 will be applied to the selected fund; the remaining $10 will be applied to next years estimated tax account.

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 7.

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 county tax liability. Carefully read instructions for Line B below.

Complete lines A, B and C to figure your credit.

A. Enter the amount of tax paid to the non-Indiana locality ....**A**____________

B. Multiply the amount of income taxed by the non-Indiana locality by the rate from Schedule CT-40, line 2. Enter result here ....**B**____________

C. Enter the amount of Indiana county income tax shown on Form IT-40, line 9 ....**C**____________

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

Note. See the **Combined Limitation** on page 39.

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

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

- A county tax amount on Form IT-40, line 9, and
- A local income tax that you had to pay outside Indiana.

Line 2 – Community Revitalization Enhancement District Credit

A state **and** local income tax liability credit is available for a qualified investment made within a community revitalization enhancement district. The expenditure must be made under a plan adopted by an advisory commission on industrial development and approved by the Indiana Economic Development Corporation before it is made. The credit is equal to 25 percent of the qualified investment made by the taxpayer during the taxable year.

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

The credit is nonrefundable and cannot be carried back. You may carry forward any excess credit to the next tax year.

The allowable credit is the lesser of the available credit or the county tax due on line 9 of Form IT-40. Also, claim any unused amount (within certain limitations) on Schedule 6 under line 6 (see instructions for this credit on page 42).

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

See the **Restriction for Certain Tax Credits - Limited to One per Project** below for additional limitations. **Also, s**ee the **Combined Limitation** below.

Line 3 – Other Local Credits

Currently, there are no other local credits available to be reported in this space.

Restriction for Certain Tax Credits - Limited to One per Project

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

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

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

Combined Limitation: There is one final limitation if you claim more than one credit on lines 1 through 3 of Schedule 6. These credits, *when combined*, cannot be greater than the county tax shown on Form IT-40 line 9; if they are, adjust the amounts before you enter them. See the following *Order of Application* and example for guidance.

Order of Application

First, use the credits which cannot be carried over and applied against your county tax in another year. This means apply any credit for local taxes paid outside Indiana first, then apply any community revitalization enhancement district credit.

How to Adjust the Amount of Credit to be Entered (Example)

Example. Megan is eligible to claim a $100 credit for local taxes paid outside Indiana plus a $200 community revitalization enhancement district credit (CREED), for a $300 total amount in offset credits. Her county tax due (IT-40, line 9) is $160. Since her combined credits are more than her county tax due, she should reduce the last entry (the $200 CREED credit) by the $140 difference to $60. She will enter the full $200 credit for local taxes paid outside Indiana on Schedule 6, line 1, and the $60 limited CREED credit on line 3a. Note: Megan may use the $140 remaining CREED credit to offset any state adjusted gross income tax due on this year's tax return (IT-40, line 8).

Line 4 - College Credit

If you donated money or property to an Indiana college or university, you may be able to take a credit of up to $100 on a single return or $200 on a joint return. To claim this credit you must complete and enclose Schedule CC-40. For additional information see Schedule CC-40 at www.in.gov/dor/5506.htm and Income Tax Information Bulletin #14 at www.in.gov/dor/3650.htm.

Important. You must maintain documentation of your contributions. The department can require you to provide this information at a later date.

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

See the **Combined Limitation** on page 46.

Line 5 - Credit for Taxes Paid to Other States

If you received income from another state while you were an Indiana resident, you must report that income on your Indiana income tax return. You may be able to take a credit for taxes paid to another state. If you had income from another state, and had to pay taxes to that state, read the following instructions carefully.

If you were an Indiana resident during the tax year and had income from any of the states listed in Group A below, you should first find out what the other state's rules are concerning the taxation of your income.

Group A

No Agreement (Credit taken on resident return)

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

*Capital gain, interest, and dividends only.

Group A Worksheet

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

B. Multiply the amount of income from the other state (that is subject to Indiana tax) by 3.3% (.033)..B____________

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

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

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

Example. Ryan reported $10,000 Illinois-source wage income on the Illinois nonresident individual income tax return, and paid $300 tax to Illinois on that income. His Indiana state tax liability from line 8 of Form IT-40 is $870.

He will enter the following information on the *Group A Worksheet.*

A. $300 (tax paid to Illinois)
B. $340 ($10,000 x .033, tax due to Indiana)
C. $870 (Form IT-40 line 8)

Ryan's credit is $300, which is the lesser of A, B and C.

Exception: Gambling winnings from other states. If you're not required to file another state's income tax return to report gambling winnings from that state, enclose the W-2G issued by that state. Use the amount of state tax withheld by that state on Line A of the Group A Worksheet.

Group B

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

Kentucky	Michigan	Ohio
Pennsylvania	Wisconsin	

If you were an Indiana resident during the tax year and had income from one of the states listed in Group B, you are covered by a reciprocal agreement. However, this agreement only applies to income from wages, salaries, tips and commissions. If you had other types of income from these states (such as business income, farm income, etc.), use the Group A Worksheet to figure your credit.

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

Note. Winnings from Indiana **riverboats** and **lotteries** are not eligible for the reciprocal agreement.

Caution: You may have to make estimated tax payments to Indiana. If the reciprocal state employer does not withhold Indiana withholding on your wage income, or doesn't withhold enough, see page 9 for information on how to figure and pay estimated tax.

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

Group C

Reverse Credit (Credit taken on nonresident return)

Arizona	California	Oregon	Washington D.C.

If you were an Indiana resident during the tax year and had income from one of the states in Group C, you must pay Indiana tax on all your income. You will also need to file a nonresident return with the other state and claim a credit on their tax return for the Indiana tax paid.

Group D

No State Income Tax (No credit allowed)

Alaska	Florida	Nevada
South Dakota	Texas	Washington
Wyoming		

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

See the **Combined Limitation** on page 46.

Line 6 – Other Credits

Each of the following credits has been assigned a three-digit code number. When claiming the credit on Schedule 6 under line 6, enter the name of the credit, the three-digit code number and the amount claimed.

Adoption Credit 859

You may be eligible to claim an adoption credit on your state tax return if you claimed an adoption credit on your federal tax return. The amount of the credit may be as much as 10 percent of the federal credit allowed per child, or $1,000 per child, whichever is less. Complete Worksheet B on the next page to figure your credit.

Federal adoption carryforward credits.
A carryforward credit claimed on federal Form 8839 may be allowed if any of it is from tax year 2015 (carryforward credits from years prior to 2015 are not allowed when figuring the Indiana adoption credit).

Federal Adoption Credit Carryforward Calculation
Use Worksheet A to figure each child's pro rata share of any 2015 carryforward credit shown on line 14 of the 2015 Adoption Credit Carryforward Worksheet (from the 2015 instructions for federal Form 8839). Enter that amount in the appropriate column on line 6 of Worksheet B.

If you have no 2015 federal adoption credit to carry forward, skip Worksheet A and complete Worksheet B.

Federal Adoption Credit Carryforward

Worksheet A	**Child 1**	**Child 2**	**Child 3**
1. Enter amount from 2015 Form 8839, line 11	$	$	$
2. Enter the amount from 2015 Form 8839, line 12	$	$	$
3. Divide line 1 by line 2; round answer to four decimal places			
4. Enter the amount of 2015 carryforward credit used in 2016 (line 5 minus line 15 of the 2016 *Adoption Credit Carryforward Worksheet* from the Form 8839 instructions)	$	$	$
5. Multiply line 3 by line 4; round to nearest whole dollar. Enter this amount in the appropriate column on line 6 of Worksheet B below	$	$	$

Indiana Adoption Credit Calculation
Complete Worksheet B to figure your Indiana adoption credit. Add more columns to the worksheet below if claiming this credit for more than three children.

You will need to have your 2016 federal Form 8839 on hand.

Indiana Adoption Credit Calculation

Worksheet B	**Child 1**	**Child 2**	**Child 3**	
1. Enter amount from Form 8839, Line 11, per child	$	$	$	
2. Enter the amount from Form 8839, line 12, in each column of this worksheet where there is an amount on line 1	$	$	$	
3. Enter the amount from Form 8839, line 15, reduced by the amount on Form 8839, line 13, in each column where there is an amount on line 1 (if equal to or more than amount on line 2, leave blank; skip line 4, enter the amount from line 1 on line 5). If less than zero, leave blank	$	$	$	
4. Divide line 1 by line 2; round answer to four decimal places				
5. Multiply line 3 by line 4; round to nearest whole dollar	$	$	$	
6. Enter pro rata share of any 2015 adoption carryforward credit from Worksheet A, line 5	$	$	$	
7. Add lines 5 and 6	$	$	$	
8. Limitation	$ 10,000	$ 10,000	$ 10,000	
9. Enter the smaller of line 7 or Line 8	$	$	$	
10. Multiply line 9 by 10% (.10); round to nearest whole dollar	$	$	$	
11. Add all amounts from each column on line 10			**This is your credit**	$

See Income Tax Information Bulletin #111 at www.in.gov/dor/3650.htm for more information about this credit.

Maintain with your records a copy of the federal Form 8839, federal Adoption Credit Carryforward Worksheets (if applicable), and Form 1040 as the department can require you to provide this information at a later date.

Enter code 859 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

Airport Development Zone Employment Expense Credit 800

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 800 under line 6 if claiming this credit. See the **Combined Limitation** on page 46.

Airport Development Zone Investment Cost Credit 801

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 801 under line 6 if claiming this credit. See the **Combined Limitation** on page 46.

Airport Development Zone Loan Interest Credit 802

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 802 under line 6 if claiming this credit. See the **Combined Limitation** on page 46.

Alternative Fuel Vehicle Manufacturer Credit 845

A credit is available for qualified investments made within Indiana that foster job creation, reduce dependency on foreign oil and reduce pollution.

A person who proposes a project to manufacture or assemble alternative fuel vehicles may apply to the Indiana Economic Development Corporation before the qualified investment is made. A certificate of verification from the IEDC must be enclosed when claiming the credit.

For additional information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8800, or visit their website at http://iedc.in.gov. Also, get Income Tax Information Bulletin #103 at www.in.gov/dor/3650.htm.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 46 for additional limitations.

Enter code 845 under line 6 if claiming this credit.

Blended Biodiesel Credit 803

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 803 under line 6 if claiming this credit. See the **Combined Limitation** on page 46 for additional limitations.

Indiana's CollegeChoice 529 Education Savings Plan Credit 837

You may be eligible for a credit for contributions made to Indiana's CollegeChoice 529 education savings plan. While there are many 529 college savings plans available both in Indiana and nation-wide, only contributions made to this specific *CollegeChoice 529 Education Savings Plan* are eligible for this credit.

For more information about this credit, see Income Tax Information Bulletin #98 at www.in.gov/dor/3650.htm. This plan is administered through the Indiana Education Savings Authority. More information can be obtained online at www.in.gov/tos/iesa and at www.collegechoiceplan.com. See Schedule IN-529 at www.in.gov/dor/5506.htm to figure your credit. This schedule must be enclosed when claiming the credit.

Enter code 837 under line 6 if claiming this credit. See the **Combined Limitation** on page 46.

Coal Gasification Technology Investment Credit 806

A credit may be available for a qualified investment in an integrated coal gasification power plant or a fluidized bed combustion technology. This credit is available to pass-through entities, such as members of partnerships and S corporations.

You must file an application for certification with the Indiana Economic Development Corporation (IEDC). For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov. Also, see Income Tax Information Bulletin #99 at www.in.gov/dor/3650.htm.

Enclose the certificate of compliance issued by IEDC to support this credit. See the **Combined Limitation** on page 46.

Enter 806 under line 6 if claiming this credit.

Community Revitalization Enhancement District Credit 808

See the Schedule 6 line 3 instructions for details about this credit. This credit is available to offset **both** your state and local tax liabilities, and any unused remainder is available to be carried forward. Pass-through entities are eligible for this credit.

If you did not use all of the available community revitalization enhancement district credit on Schedule 6, line 3, the remaining credit should be claimed on this line.

For more information, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 46 for additional limitations.

Enter code 808 under line 6 if claiming this credit.

About Enterprise Zone Credits
Certain areas within Indiana have been designated as enterprise zones. Enterprise zones are established to encourage investment and job growth in distressed urban areas. Use this website to look up contact information for a particular enterprise zone:
www.aiez.org/directory.html.

Sole proprietors who operate and/or invest in a business located in a zone and pass-through entities are eligible to claim the enterprise zone employment expense credit and/or the enterprise zone loan interest credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at http://iedc.in.gov/ for more information about these credits.

Enterprise Zone Employment Expense Credit 812
This credit is based on qualified investments made within Indiana. It is the lesser of 10 percent of qualifying wages, or $1,500 per qualified employee, up to the amount of tax liability on income derived from the enterprise zone.

For more information see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule EZ, Parts 1, 2 and 3 at www.in.gov/dor/3515.htm. Also, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov.

Note. Schedule EZ must be enclosed if claiming this credit.

Enter code 812 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

Enterprise Zone Investment Cost Credit 813
This credit is based on qualified investments made within Indiana. It can be up to a maximum of 30 percent of the investment, depending on the number of employees, the type of business and the amount of investment in an enterprise zone.

For more information about this credit, see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, or visit their website at: http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project** and the **Combined Limitation** on page 46 for additional limitations.

Enter code 813 under line 6 if claiming this credit.

Enterprise Zone Loan Interest Credit 814
This credit can be for up to 5 percent of the interest received from all qualified loans made during a tax year for use in an Indiana enterprise zone.

For more information, and how to calculate this credit, see Income Tax Information Bulletin #66 at www.in.gov/dor/3650.htm and Indiana Schedule LIC at www.in.gov/dor/3515.htm.

Note. Schedule LIC must be enclosed if claiming this credit. Contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN, 46204, call (317) 232-8827, or visit their website at http://iedc.in.gov for additional information.

Enter code 814 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

Ethanol Production Credit 815
This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 815 under line 6 if claiming this credit. See the **Combined Limitation** on page 46 for additional limitations.

Headquarters Relocation Credit 818
A business with annual worldwide revenue of $100 million, and at least 75 employees, which relocates its corporate headquarters to Indiana may be eligible for a credit. The credit may be as much as 50 percent of the cost incurred in relocating the headquarters.

For more information, including limitations and the application process, see Income Tax Information Bulletin #97 at www.in.gov/dor/3650.htm.

Enter code 818 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

Historic Building Rehabilitation Credit 819
An historic building rehabilitation credit is available for the rehabilitation or preservation of an historic building that is listed on the Indiana Register of Historic Sites and Structures, is at least 50 years old, and is income-producing.

Those eligible to claim this credit include an individual, corporation, S corporation, partnership, limited liability company, limited liability partnership, nonprofit organization and/or joint venture. All work must meet the Secretary of the Interior's Standards for Rehabilitation of Historic Properties.

For more information about this credit, see Income Tax Information Bulletin #87 at www.in.gov/dor/3650.htm. Also, you may contact the Office of Community and Rural Affairs at One North Capitol, Suite 600 Indianapolis, IN 46204-2027, or call 317.233.3762.

Important. This credit has been repealed. No new credit may be claimed after June 30, 2016. However, any unused credit will be available to be claimed.

Enter code 819 under line 6 if claiming this credit and enclose the certification from the Division of Historic Preservation and Archaeology to your return. Also, see the **Combined Limitation** on page 46.

Hoosier Business Investment Credit 820

This credit is for qualified investments, which include the purchase of new telecommunications, production, manufacturing, fabrication, processing, refining or finishing equipment. Pass-through entities are eligible for this credit.

This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at http://iedc.in.gov or call (317) 232-8800 for additional information.

Also, see Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm.

Note. See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 46 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/5506.htm. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

Hoosier Business Investment Credit - Logistics 860

This credit is for qualified expenditures for certain logistics investments. Pass-through entities are eligible for this credit.

This credit is administered by the Indiana Economic Development Corporation (IEDC), One North Capitol, Suite 700, Indianapolis, IN, 46204. Visit the IEDC website at http://iedc.in.gov or call (317) 234-4046, and get Income Tax Information Bulletin #95 at www.in.gov/dor/3650.htm for additional information.

Note. See the **Restriction for Certain Tax Credits - Limited to One Per Project** and the **Combined Limitation** on page 46 for additional limitations.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/5506.htm. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

Indiana's Research Expense Credit 822

Indiana has a research expense credit that is similar to the federal credit for research and experimental expenses paid in carrying on your trade or business in Indiana. S corporations and partnerships may pass through the credit to their shareholders and partners. Enclose your schedule IN K-1 to support your claim.

A completed Form IT-20REC must be kept with your records as the department can require you to provide this information. Get Form IT-20REC at www.in.gov/dor/4570.htm.

Enter code 822 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

Individual Development Account Credit 823

A credit is available for qualified contributions made to a community development corporation participating in an Individual Development Account (IDA) program.

The organization must have an approved program number from the Indiana Housing and Community Development Authority before a contribution qualifies for pre-approval. Applications for the credit are filed through the community development corporation by using Form IDA-10/20. An approved Form IDA-20 must be enclosed with your return if claiming this credit.

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

To request additional information about the definitions, procedures and qualifications for obtaining this credit, contact: Indiana Housing and Community Development Authority, 30 S. Meridian St., Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777.

Keep the approval certification from IEDC or letter of assignment with your records as the department can require you to provide this information.

Enter code 823 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

Industrial Recovery Credit 824

This credit is based on a taxpayer's qualified investment in a vacant industrial facility located in a designated industrial recovery site. If the Indiana Economic Development Corporation approves the application and the plan for rehabilitation, you are entitled to a credit based on the "qualified investment." The minimum age for a facility to be eligible for this credit has been reduced from 20 years to 15 years. This credit is available to pass-through entities, such as members of partnerships and S corporations.

For additional information regarding procedures for obtaining this credit, contact the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, IN 46204, call (317) 232-8800, or visit their website at http://iedc.in.gov.

Note. See the **Restriction for Certain Tax Credits - Limited to One per Project and the Combined Limitation** on page 46 for additional limitations.

Enter code 824 under line 6 if claiming this credit.

Military Base Investment Cost Credit 826

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 826 under line 6 if claiming this credit. See the **Combined Limitation** on page 46 for additional limitations.

Military Base Recovery Credit 827

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 827 under line 6 if claiming this credit. You must enclose approval certification from IEDC or a letter of assignment with your return. See the **Combined Limitation** on page 46 for additional limitations.

Natural Gas Commercial Vehicle Credit 858

A credit is available for the purchase of certain vehicles powered with natural gas (CNG or LNG). It applies only to vehicles weighing more than 33,000 pounds and purchased from an Indiana dealer. This credit is available to pass-through entities, such as members of partnerships and S corporations.

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

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/5506.htm. Make sure to enclose this schedule with your tax filing. If you are claiming this credit as a pass-through entity, make sure to keep Schedule IN K-1 with your records as the department can require you to provide this information.

Note. See the **Combined Limitation** on page 46 for additional limitations.

Neighborhood Assistance Credit 828

If you made a contribution or engaged in activities to upgrade areas in Indiana, you may be able to claim a credit for this assistance. Contact the Indiana Housing & Community Development Authority, Neighborhood Assistance Program, 30 S. Meridian, Suite 1000, Indianapolis, IN 46204, telephone number (317) 232-7777 (800-872-0371 outside Indianapolis), for more information. Pass-through entities are eligible for the credit.

Important. Do not report fees paid to your neighborhood association on this line. They are not eligible for this credit.

Enter code 828 under line 6 if claiming this credit. Also, see the **Combined Limitation** on page 46.

New Employer Credit 850

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 850 under line 6 if claiming this credit. See the **Combined Limitation** on page 46 for additional limitations.

Public School Educator Expense Credit 861

If you are an eligible educator working for an Indiana school corporation, you may be entitled to a credit for qualified expenses paid for certain classroom supplies. The credit can be as much as $100 ($200 if married filing joint and both spouses meet the requirements, but not more than $100 each).

You are an **eligible educator** if, during the taxable year, you are employed as a Kindergarten -12 Indiana public school:
- Teacher
- Librarian
- Counselor
- Principal
- Superintendent

Public school means a school maintained by an Indiana school corporation, and includes charter schools. Private schools, parochial schools and homeschools are not public schools.

Qualified expenses are amounts you paid or incurred during the tax year for certain classroom supplies, which include books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that you use in the classroom. For courses in health and physical education, expenses for supplies are qualified expenses only if related to athletics.

Important. Qualified expenses **do not** include certain expenses for professional development courses related to the curriculum, or to the students, that the educator teaches.

Reimbursements. You must reduce your expenses for the qualified supplies by any reimbursements you received that were not included in box 1 of your Form W-2.

Example 1. Jonah spent $40 for qualified supplies; he was reimbursed for $30 out of petty cash, none of which was included on his W-2. He will claim the $10 difference as a credit.

Figure the credit. The amount of the credit is the lesser of:
1. The total amount paid for qualified supplies, less any reimbursements for those qualified supplies not included on line 1 of your W-2, or
2. $100.

Example 2. Quincy is an 8th grade teacher at an Indiana public school. During the year he spent $314 for qualified supplies. He is eligible to claim a $100 credit.

Example 3. Chris and Pat are employed as teachers at an Indiana public high school. They are filing a joint tax return. During the year Chris spent $74 for qualified supplies; Chris's credit is $74. Pat spent $214 for qualified supplies; Pat's credit is $100 (limited to the lesser of the amount Pat spent or $100). They will claim a $174 combined credit.

Important. Make sure to keep a copy of the expense receipts used to figure this credit as the department can require you to provide this information at a later date.

Note. Claiming an educator expense deduction on your federal tax return in no way prohibits you from being eligible to claim this credit on your state tax return.

Enter code 861 under line 6 if claiming this credit. See the **Combined Limitation** in the next column.

Residential Historic Rehabilitation Credit 831

A credit is available for the repair and rehabilitation of residential property that is listed on the Indiana Register of Historic Sites and Structures, is at least 50 years old, and will be used as your primary residence. All work must meet the Secretary of the Interior's Standards for Rehabilitation of Historic Properties.

For more information about this credit, see Income Tax Information Bulletin #87A at www.in.gov/dor/3650.htm. Also, contact the Office of Community and Rural Affairs at One North Capitol, Suite 600 Indianapolis, IN 46204-2027, call 317.233.3762, or visit Residential Historic Rehabilitation Credit at www.in.gov/ocra/2284.htm.

Enter code 831 under line 6 if claiming this credit. Also, see the **Combined Limitation** in the next column.

Riverboat Building Credit 832

This credit has been repealed. However, any previously approved yet unused credit is available to be claimed. Enter code 832 under line 6 if claiming this credit. See the **Combined Limitation** in the next column for additional limitations.

School Scholarship Credit 849

A credit is available for donations to certain scholarship-granting organizations (SGOs). The amount of credit is equal to 50 percent of the amount of the contribution. While there are no limits to how much a donor can contribute to a qualified SGO, the entire tax credit program cannot award more than $9.5 million in credits per state fiscal year (July 1 – June 30).

To qualify for the credit, you must make a contribution to a scholarship granting organization that is certified by the Department of Education. Visit the Indiana Department of Education's website at www.doe.in.gov/choice/school-scholarships for additional information.

The approved credit must be reported on Schedule IN-OCC, found at www.in.gov/dor/5506.htm. Make sure to enclose this schedule with your tax filing. Also, see the **Combined Limitation** below.

Twenty-First Century Scholars Program Credit 834

A credit is allowed for contributions made to the Twenty-First Century Scholars Program Support Fund. The credit is equal to 50 percent of the contributions made during the tax year up to a maximum limit of $100 for a single return and $200 for a joint return. To claim this credit, you must complete and enclose Schedule TCSP-40. Get a Schedule TCSP-40 at www.in.gov/dor/5506.htm.

Detailed information about the scholarship program, registration and administration may be obtained by calling the office of the Twenty-First Century Scholars Program at (888) 528-4719.

Note. This credit is not the same as the College Credit.

Enter code 834 under line 6 if claiming this credit. Also, see the **Combined Limitation** below.

Venture Capital Investment Credit 835

A taxpayer that provides qualified investment capital to a qualified Indiana business may be eligible for this credit.

Certification for this credit must be obtained from the Indiana Economic Development Corporation Development Finance Office, VCI Credit Program, One North Capitol, Suite 700, Indianapolis, IN 46204, telephone number (317) 232-8800, or visit http://iedc.in.gov.

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

Enter code 835 under line 6 if claiming this credit.

Restriction for Certain Tax Credits - Limited to One Per Project

A taxpayer may not be granted more than one credit for the same project. The credits that are included are the alternative fuel vehicle manufacturer credit, com munity revitalization enhancement district credit, enterprise zone investment cost credit, Hoosier business investment credit, industrial recovery credit, and the venture capital investment credit. Apply this restriction first when figuring your credits. Then apply the **Combined Limitation** below.

Combined Limitation

There is one final limitation if you have more than one credit to be entered on lines 4 through 7 of Schedule 6. These credits, when combined, cannot be greater than the state adjusted gross income tax shown on Form IT-40 line 8; if they are, adjust the amounts before you enter them. This includes any credits reported on Schedule IN-OCC, and carried to line 7 of Schedule 6.

How to Adjust the Amount of Credit to Enter (Examples)

Example. Tanya is eligible to claim both a $200 College Credit and a $300 Credit for Taxes Paid to Other States, for a $500 total amount of offset credits. Her state adjusted gross income tax due (IT-40, line 8) is $360. Since her combined credits are $140 more than her state tax due, she should reduce the last entry (the $300 Credit for Taxes Paid to Other States) by the $140 difference to $160. She will enter the full $200 College Credit on Schedule 6, line 4, and the $160 limited Credit for Taxes Paid to Other States on line 5.

Example. Matthew has a $500 Indiana College Choice 529 Savings Plan Credit and a $600 Industrial Recovery Credit. His state adjusted gross income tax due (IT-40, line 8) is $700. He will report the full $500 Indiana College Choice 529 Savings Plan Credit on Schedule 6, line 6a, and enter $200 of the Industrial Recovery Credit on line 6b. He will carry the $400 remaining unused Industrial Recovery Credit over to next year's tax return.

Schedule 7: Additional Required Information

Line 1 – Federal Filing Information

You must place an "X" in the "yes" or "no" box to answer the question: "Are you filing a federal income tax return for 2016?"

Line 2 – Out-Of-State Income Information

If you and/or your spouse worked in Illinois, Kentucky, Michigan, Ohio, Pennsylvania and/or Wisconsin during 2016, complete this area. Enter the salary, wage, tip and/or other compensation income from those states in the appropriate boxes and the 2-digit code number for the appropriate state in the boxes. Find the 2-digit code number on the chart below.

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

Note. This entry is for information purposes only, and will not change your refund or the amount you may owe.

Line 3 – Extension of Time to File Information

Place an "X" in the box on line 3a if you have a federal extension of time to file (you filed federal Form 4868, Form 2350, or made an online extension payment). Place an "X" in the box on line 3b if you have an Indiana extension of time to file (you filed Form IT-9 or made an online extension payment).

Line 4 – Farmers and Fishermen

Farmers and fishermen have special filing considerations. If at least two-thirds (2/3) of your gross income is from farming or fishing, mark the box provided on Schedule 7, line 4. This will make sure that a penalty for the underpayment of estimated tax is not assessed provided you have followed through by:

- Paying all your estimated tax on or by Jan. 17, 2017, and filing your Form IT-40 by April 18, 2017, or
- Filing your Form IT-40 by March 1, 2017, and paying all the tax due at that time. You are not required to make an estimated tax payment if you use this option.

Important. If you have checked the box, you <u>must</u> enclose the completed Schedule IT-2210 to support your claim.

Line 5 – Date of Death

If the taxpayer and/or spouse died during 2016, and this return is being filed with his/her name on it, make sure to enter the month and day of death in the appropriate box. For example, a date of death of Jan. 9, 2016, would be entered as 01/09/2016. See instructions on page 7 for more information.

Note. If the taxpayer and/or spouse died before 2016, or after Dec. 31, 2016, but before filing his or her tax return, do not enter his/her date of death in this box.

Line 6 – Telephone Number and Email Address Information

If this is a joint return, both you and your spouse must sign and date the tax return. Please enter your daytime telephone number so we can call you if we have any questions about your tax return. Also, enter your email address if you would like us to be able to contact you by email.

Personal Representative Information

Typically, the department will contact you (and your spouse, if filing jointly) if there are any questions or concerns about your tax return. If you wish to allow the department to discuss your tax return with someone else (e.g. the person who prepared it, a relative or friend, etc.), you will need to complete this area.

First, you must check the "Yes" box, which follows the sentence, "I authorize the department to discuss my tax return with my personal representative."

Next, enter the name of the individual you are designating as your personal representative, that person's telephone number, and that person's complete address.

If you complete this area, you are authorizing the department to be in contact with someone other than you concerning information about this tax return.

Note. If you are due a refund, it will be paid to you (and your spouse, if filing jointly) even if you designate a personal representative.

You may decide at any time to **revoke** the authorization for the department to speak with your personal representative. You will need to provide a signed statement indicating you revoke this authorization. Include your name, Social Security number and the year of your tax return. Mail your statement to Indiana Department of Revenue, P.O. Box 40, Indianapolis, IN 46206-0040.

Paid Preparer Information
Have your paid preparer complete this area (even if the paid preparer is the same individual designated as your personal representative).

The paid preparer must provide:
- The name of the firm that he/she represents,
- The preparer's tax identification number (PTIN), and
- The firm's address or his/her address if self-employed.

Opt-Out Designation
There are many benefits to electronic filing, which include:
- Elimination of math errors
- Faster refunds

Paid preparers are required to electronically file all Indiana individual income-tax returns if they prepare more than 10 tax returns annually. If you use a paid preparer and do not want your tax return to be filed electronically, you must complete a state Form IN-OPT. This form requires your signature (and your spouse's, if filing jointly), and must be maintained by your paid preparer with his or her records. Get Form IN-OPT at www.in.gov/dor/5506.htm for more information.

Make sure you keep a copy of your completed tax return, including all required enclosures, such as W-2s and schedules.

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

County Where You Lived Defined
The county where you lived is the county where you maintained your home on Jan. 1, 2016. If you had more than one home in Indiana on this date, then your county of residence as of Jan. 1, 2016, was:
- Where you were registered to vote. If this did not apply, then your county of residence was
- Where your personal automobile was registered. If this did not apply, then your county of residence was
- Where you spent the majority of your time in Indiana during 2016.

Did You Move During The Year?
If you moved your residence to a different Indiana county during the year (but after Jan. 1, 2016), the county where you lived for tax purposes *will not change until next year*.

Example. William was a lifelong Scott County resident until he moved to Martin County on March 15, 2016. He will figure Scott County tax when filing his 2016 state tax return. If he still lived in Martin County on Jan. 1, 2017, he will figure Martin County tax when filing his 2017 state taxes.

County Where You Worked Defined
The county where you worked (county of principal employment) is the county where your main place of business was located or where your main work activity was performed on Jan. 1, 2016. If you began working in another county after Jan. 1, 2016, the county where you worked for reporting purposes *will not change until next year*.

Example. Jessie worked in Marion County on Jan. 1, 2016. She quit that job and began a new one in Johnson County on Feb. 10, 2016. She will enter the Marion County two-digit code (49) as the county where she worked even though she changed jobs during the year.

If you had more than one job on Jan. 1, 2016, your principal place of employment is the job where you worked the most hours and earned the most income.

If, on Jan. 1, 2016, your county of principal employment was *not* in Indiana, write county code "00" (out-of-state) in the County Where You Worked box on the front of the IT-40.

Exception: If you worked in any of the following states on Jan. 1, 2016, enter their two-digit code number (instead of **00**):

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

Military Personnel
If you were stationed in Indiana, your county of residence is the county where you lived on January 1 of the year you entered the military service. If, on Jan. 1, 2016, you were single and stationed *outside* Indiana, or you were stationed outside Indiana and your family was with you, write county code "**00**" (out-of-state) in all the county boxes on the IT-40 (you won't owe a county tax).

If, however, you maintained your home in an Indiana county and/or your spouse and family were still living in an Indiana county on Jan. 1, 2016, you are considered to be a resident of that county and will be subject to county tax.

Retired Persons, Homemakers or Unemployed

If you were retired, a homemaker, or were unemployed on Jan. 1, 2016, put your county of residence two-digit code number in *both* the Indiana County where you lived and Indiana County Where You Worked boxes on the IT-40. **Do not write the word "Retired," "Homemaker" or "Unemployed" over the boxes.**

Special Note to Married Taxpayers Filing a Joint Return

If you lived in different counties on Jan. 1, 2016, both of you need to figure your county tax separately. See *Schedule CT-40 Line 1 Instructions* below for details on how to do this.

Schedule CT-40: Line-by-Line Instructions

Line 1

- If you are filing a single return, enter on line 1A the amount from Form IT-40, line 7.
- If you are filing a joint return and you both lived in the same county on Jan. 1, 2016, enter on line 1A the amount from Form IT-40, line 7. Leave Column B blank.
- If you are filing a joint return and you lived in different counties on Jan. 1, 2016, enter each person's share of the amount reported on line 7 of Form IT-40. See how to do this in the following example.

Following are two examples for when a taxpayer and spouse file married filing jointly but live in different counties on January 1 of the tax year.

Example. Jacob and Becca married in 2016 and are filing a joint return. On Jan. 1, 2016, Jacob lived in Greene County and Becca lived in Clay County. Their individual share of the $39,080* amount reported on line 7 of their IT-40 is to be reported on Schedule CT-40 between Column A and Column B in the following way:

Breakdown	Column A Jacob	Column B Becca	IT-40 Line 7
Wages	23,000	21,000	44,000
Interest (joint account)	+ 40	+ 40	+ 80
Renter's deduction	- 1,500	-1,500	-3,000
Subtotal	21,540	19,540	41,080
Exemption	-1,000	-1,000	-2,000
Totals	20,540	18,540	39,080*

Jacob will enter $20,540 on line 1A and Becca will enter $18,540 on line 1B.

Use of exemptions when separating income. Each individual must use his/her own personal $1,000 exemption (reported on Schedule 3, line 1) when figuring his/her share of net income subject to county tax. Additional exemptions, such as for dependents, age 65 or older, etc., should be divvied up in whole* in a way that provides the most benefit to the individuals. This usually results with the individual with the higher county tax rate using all of the exemptions *except* for his/her spouse's personal $1,000 exemption.

*Exemptions must be used in whole. For example, a $1,000 exemption may not be separated into $700 to be used by one spouse, with the remaining $300 to be used by the other spouse. The full $1,000 must be used by one spouse only.

Note. The total amount of exemptions used to reduce income may not be greater than the total amount of exemptions reported on Schedule 3, line 5.

Example. Sam and Molly married in 2016 and are filing a joint return. On Jan. 1, 2016, Sam lived in County A, which has a resident county tax rate of .01. Molly lived in County B, which has a resident county tax rate of .025. They claim their three-year old son Sebastian as a dependent. Their total exemptions are $4,500 ($1,000 each for Sam, Molly and Sebastian, plus the $1,500 additional dependent exemption for Sebastian). Sam's wage income is $49,000; Molly's is $45,000. They claimed a $2,500 homeowner's property tax deduction.

Molly will use all of the exemptions except for Sam's $1,000 personal exemption when figuring her share of income subject to county tax since she has the higher county tax rate.

Their individual share of the $87,000* state taxable income reported on line 7 of their Form IT-40 is to be reported on Schedule CT-40 between Column A and Column B in the following way:

Breakdown	Column A Sam	Column B Molly	IT-40 Line 7
Wages	$49,000	$45,000	$94,000
Property tax deduction	-1,250	-1,250	-2,500
Subtotal	$47,750	$43,750	$91,500
Exemptions	-1,000	-3,500	-4,500
Totals	$46,750	$40,250	$87,000*

Sam will enter $46,750 on line 1A and Molly will enter $40,250 on line 1B.

Line 2

Find your county on the County Income Tax Chart on the back of Schedule CT-40. Find the rate from the *County Resident Rate* column and enter it here.

If you are filing a single return or a joint return where you both lived in the same county on Jan. 1, 2016, enter on line 2A the county resident rate from the chart located on the back of Schedule CT-40. Leave line 2B blank.

If you are filing a joint return and you lived in different counties on Jan. 1, 2016:

- Enter on line 2A your county resident rate from the county tax rate chart.
- Enter on line 2B your spouse's county resident rate from the county tax rate chart.

Line 4

Add the amounts from line 3, Columns A and B. If you were a Perry County resident and worked in the Kentucky counties of Breckinridge, Hancock or Meade, complete lines 5 and 6. Otherwise, enter the total here and on line 7.

NOTES:

INDIANA

A State that Works

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

This IT-40 booklet contains:

- **Form IT-40 and Instructions**
- Schedule 1 Add-Backs
- Schedule 2 Deductions
- Schedule 3 Exemptions
- Schedule 4 Other Taxes
- Schedule 5 Credits/Schedule IN-DONATE
- Schedule 6 Offset Credits
- Schedule 7 Additional Required Information
- Schedule CT-40, County Tax with tax rates
- Schedule IN-DEP, Additional Dependent Child Information
- Schedule IN-EIC, Earned Income Credit
- Form ES-40 Estimated Tax Payment Form
- Mailing Envelope