

## Schedule 2: Deductions continued

**Example 1.** Louis earned \$25,000 from active service in the Army. Brooklynn, his wife, earned \$2,640 from the Indiana National Guard. Louis is eligible for the maximum \$5,000 deduction; Brooklynn is eligible for a \$2,640 deduction.

**\*Note.** If you served in the reserve or the Indiana National Guard during the tax year, and you were deployed and mobilized for full-time service, or during the period your Indiana National Guard unit was federalized, then you may be eligible to claim the *National Guard and Reserve Component Members Deduction*. See instructions for this deduction on page 21.

**Example 2.** Alec earned \$1,504 from his service in the National Guard. His unit was federalized in September of the year; he earned \$6,200 after being federalized. Alec is eligible to claim two deductions based on the income he earned. First, he will claim a \$1,504 military service deduction on his Schedule 2, Line 7. Second, he will claim the full \$6,200 income earned after his unit was federalized, on Line 11, using code #621.

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 3.** 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 \$1,250 in Box 1. Only \$1,250 of his income is taxed on his federal (and Indiana) tax returns. Jim should claim a \$1,250 military deduction (the lesser of the income being taxed [\$1,250] or \$5,000).

**Example 4.** Mikayla is a member of the National Guard. She earned \$7,250 from service in the National Guard from Jan. 1 through Oct. 31. Her guard unit was federalized for full-time service on Nov. 1, and she earned an additional \$4,800 through Dec. 31 of the year.

Mikayla is eligible to claim both the *Military Service Deduction and the National Guard and Reserve Component Members Deduction*.

- First, she will claim the \$5,000 maximum military service deduction on Schedule 2, line 7, based on the \$7,250 income earned through Oct. 31.
- Second, she will claim the *National Guard and Reserve Components Deduction* of \$4,800 (full amount of income earned after her unit was federalized) under line 11.

**Important.** You **must** enclose your military W-2 form(s) if you are claiming this deduction.

For more information about this deduction see Income Tax Information Bulletin #27 at [www.in.gov/dor/files/reference/ib27.pdf](http://www.in.gov/dor/files/reference/ib27.pdf).

### 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/files/reference/ib107.pdf](http://www.in.gov/dor/files/reference/ib107.pdf).

Name(s) shown on Form IT-40

Your Social Security Number

1. Renter's deduction

Address where rented if different from the one on the front page (enter below)

Amount of rent paid

Landlord's name and address (enter below)

\$  .00

Round all entries

Number of months rented  Enter the lesser of \$3,000 or amount of rent paid

1  .00

2. Homeowner's residential property tax deduction

Address where property tax was paid if different from front page (enter below)

Number of months lived there  Amount of property tax paid \$  .00

Enter the lesser of \$2,500 or the amount of property tax paid  2  .00

3. State tax refund reported on federal return  3  .00

4. Interest on U.S. government obligations  4  .00

5. Taxable Social Security benefits  5  .00

6. Taxable railroad retirement benefits  6  .00

7. Military service deduction: \$5,000 maximum for qualifying person  7  .00

8. Private school/homeschool deduction: \$1,000 per qualifying child (see instructions)  8  .00

9. Indiana net operating loss deduction  9  .00

10. Nontaxable portion of unemployment compensation (from line 7 of Unemployment Comp. Worksheet)  10  .00

11. Other Deductions: See instructions (attach additional sheets if necessary)

a. Enter deduction name Cornerstone Christian Academy code no. A594 11a  .00

b. Enter deduction name  code no.  11b  .00

c. Enter deduction name  code no.  11c  .00

12. Add lines 1 through 11. Enter total here and on line 4 of Form IT-40.

Total Deductions 12  .00

