



Indiana Department of Revenue

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Income Tax Information Bulletin #92

Subject: Individual Earned Income Tax Credit (EITC) Procedures

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Summary of Changes

Aside from nonsubstantive, technical changes, this bulletin has been changed to reflect that the Indiana earned income tax credit is now 10% of the federal earned income tax credit as of January 1, 2023.

Introduction

The calculation of the earned income tax credit (EITC) changed for the 2023 tax year. The purpose of this bulletin is to explain the calculation of the EITC for the 2023 and subsequent tax years. For years prior to 2023, instructions for computing the Indiana EITC are available on the department's website.

Calculation of the Earned Income Tax Credit

Beginning with the 2023 tax year, the Indiana EITC is to be calculated based on Section 32 of the Internal Revenue Code as in effect on January 1, 2023. For 2023 and later, the Indiana-specific modifications required for the Indiana EITC from 2011 through 2022 are no longer applicable. However, if federal earned income tax changes are enacted after January 1, 2023, Indiana will not adopt those changes automatically.

More information concerning the calculation of the credit can be found in the IT-40 individual income tax instruction booklet. The current-year booklet can be accessed online at in.gov/dor/tax-forms/individual-income-tax-forms/ and then by clicking on the Current Year Tax Forms link at

that web address. Please note that you must include dependent information on the Schedule IN-EIC. Failure to include the necessary information dependent may reduce or eliminate your Indiana EITC until the information is provided.

Earned income tax credit information for each year from 2011 through 2022 can be found in the booklet and Publication EIC for the applicable year. The booklets and publications can be accessed online at <https://www.in.gov/dor/tax-forms/indiana-state-prior-year-tax-forms/> and then clicking on the appropriate year.

Part-Year Resident

A taxpayer residing in Indiana for less than the taxpayer's entire taxable year is entitled to an apportioned earned income tax credit. The amount of the credit is figured the same way a full-year resident's credit is figured and then it multiplied by the result of the taxpayer's Indiana income divided by the taxpayer's total income.

If the credit amount exceeds the taxpayer's actual tax liability for the taxable year, the excess credit shall be refunded to the taxpayer.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.



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