



# Indiana Department of Revenue

## 2021 Individual Income Tax Season FAQs

Updated May 5, 2021

*Please note:* On April 22, the Indiana General Assembly passed legislation which chose not to incorporate certain provisions of the current Internal Revenue Code into Indiana law. As a result, Indiana taxpayers cannot use the federal unemployment compensation exclusion on their 2020 Indiana individual income tax returns and that income must be added back in. However, they may still be able to deduct some portion of their unemployment income on their state tax return in accordance with Indiana's current tax laws. See DOR's "[Unemployment Benefits and Taxes](#)" page for more information and instructions.

### **Do I need to file an Indiana tax return?**

Individuals need to file an Indiana tax return if they lived in Indiana and received income, or if they lived outside Indiana and had Indiana Income. All individual forms can be found on DOR's [Tax Forms](#) page by selecting "Individual Income Tax Forms."

### **Which form should I fill out for my Indiana state taxes?**

- IT-40 – Full-year resident of Indiana. You are a resident if you maintain your legal residence in Indiana. You do not have to be physically present in Indiana the entire year to be considered a full-year resident.
- IT-40PNR – Part-year resident of Indiana or are filing jointly and one person was a full-year resident, and the other was not. IT-40-PNR is also filed by a nonresident with income from Indiana. This could include residents of reciprocal states with non-wage income from Indiana, residents of other states or foreign countries with wage, partnership, rent or other income from Indiana.
- IT-40RNR – Resident of a reciprocal state that works in Indiana, with the only type of income from Indiana was from wage, tip, salary or other compensation. Reciprocal states are Kentucky, Michigan, Ohio, Pennsylvania and Wisconsin.
- SC-40 – Indiana resident that is 65 years old or older and meets income eligibility requirements.

### **When are my Individual taxes due?**

Indiana has changed the individual income tax filing deadline to May 17, 2021.

The deadline change applies to the 2020 individual income tax returns previously due on April 15, 2021, and any payments due on those returns. Those returns are:

- Form IT-40
- Form IT-40PNR
- Form IT-40RNR
- Form SC-40
- Form IT-9

Along with the filing deadline, the payment deadline has also been changed to May 17, 2021. If you file an

extension, which extends the deadline to Nov. 15, 2021, you must pay 90% of your 2020 income tax due by May 17, 2021 to avoid penalties. The remaining amount owed must be paid by Nov. 15, 2021.

DOR is automatically granting extensions for filing and paying certain income tax returns to Texas, Louisiana and Oklahoma residents that were impacted by severe winter storms. Texas, Louisiana and Oklahoma resident individuals, and corporations and partnerships in Texas, Louisiana or Oklahoma with due dates for income tax returns between Feb. 11, 2021 and June 15, 2021, will have until June 15, 2021, to file and pay those tax obligations. Estimated payments due within those dates are also extended until June 15, 2021. No special forms are needed to request the extension. Simply file your return from your Texas, Louisiana or Oklahoma address. Payroll taxes and other Indiana business trust taxes remain due based on their regular due dates. First time filers may email the [Taxpayer Advocate Office](#) after filing the return to ensure the extension was granted.

**If I file an extension for my Indiana income tax return, does that due date change?**

No, if you file a valid extension for your 2020 Indiana income tax return, that extended due date remains Nov. 15, 2021, for Indiana. However, taxes owed are due on May 17, 2021. If you pay 90% of the taxes owed by May 17, you can avoid penalties.

**What happens if I file and pay the Indiana income tax I owe after May 17, 2021 and I have not filed an extension?**

Interest will be charged beginning on May 18, 2021. In addition, any payments after May 17 will be subject to a 10% late payment penalty.

**Are first quarter 2021 estimated tax payments covered by the deadline change to May 17, 2021?**

No, first quarter 2021 estimated tax payments are still due on April 15, 2021.

Note: If you indicate on your timely filed 2020 Indiana individual income tax return that all or part of an overpayment should be applied to your 2021 income tax owed, the portion of the overpayment applied to 2021 income taxes will be treated as a timely filed first quarter 2021 estimated tax payment.

**I need additional time to file my Indiana taxes. What should I do?**

If you have filed a federal extension, you will automatically be granted an extension with DOR for Indiana taxes.

If you have not filed a federal extension, you will need to file [Form IT-9](#), to receive an extension on your Indiana taxes.

Either extension above only extends the deadline to file your return, not the deadline to pay tax. You must still have paid at least 90% of the tax owed by the May 17 deadline to avoid a late penalty. The extension deadlines for 2021 are Oct. 15 for federal and Nov. 15 for Indiana.

For additional information please see [Individual Tax Information Bulletin #18](#).

**I am a resident of another state but received Indiana unemployment, do I need to file an Indiana tax return to report the Indiana unemployment?**

You do not need to report Indiana unemployment to Indiana if you were a non-resident. It will be taxable to your state of residence. If you had wages and other income in Indiana, then you will need to file Form IT-40PNR.

**I am a resident of Indiana and received unemployment from another state. Do I report that unemployment to Indiana?**

All income earned while a resident of Indiana is taxable to Indiana for state and local taxes. In this case, the unemployment would be reported to Indiana and included when filing your tax return.

Taxpayers may still be able to deduct some portion of their unemployment income on their state tax return in accordance with Indiana's current tax laws. For 2020, DOR has issued a [revised Unemployment Compensation Worksheet](#). Do not use the worksheets printed in the 2020 IT-40 and IT-40PNR instruction booklets. For additional guidance, see DOR's [Unemployment Benefits and Taxes](#) page.

**I am a resident of Indiana and received unemployment from another state. The other state taxed my unemployment. Isn't that double taxing?**

If you are a resident of Indiana and also paid tax to another state, you may be eligible for Credit for Taxes Paid to Other States on your Indiana tax return. If you paid tax to a Reverse Credit state (Arizona, Oregon, Washington DC), the credit would be taken on the non-resident return in that other state.

**My spouse and I both received unemployment. Is the unemployment deduction worksheet calculated separately on each of our unemployment or do we combine our unemployment together to calculate?**

You will complete separate worksheets to determine if unemployment will be eligible for deduction. Once the separate worksheets are completed, the deductible amounts will be added together and entered on Schedule 2, line 10. Do not separately state each of your unemployment deduction amounts on Schedule 2. For 2020, DOR has issued a [revised Unemployment Compensation Worksheet](#). Do not use the worksheets printed in the 2020 IT-40 and IT-40PNR instruction booklets. For additional guidance, see DOR's [Unemployment Benefits and Taxes](#) page.

**What about the \$10,200 federal exclusion of unemployment payments, is Indiana also doing this?**

Federal tax relief contained in the American Rescue Plan Act, which excludes up to \$10,200 of unemployment compensation from federal adjusted gross income was not adopted by Indiana. As a result, Indiana taxpayers cannot use the federal unemployment compensation exclusion on their 2020 Indiana individual income tax returns and that income must be added back in. For additional guidance, see DOR's [Unemployment Benefits and Taxes](#) page.

**What do I do if I suspect Unemployment Fraud?**

If you received Form 1099-G for unemployment benefits and did not apply for benefits, please contact the Indiana Department of Workforce Development (DWD). You can call 1-800-891-6499, Monday through Friday, 8 a.m. – 4:30 p.m. EST.

There is also an area on DWD's website where you can [report unemployment fraud](#).

**I worked in Indiana for six months, then I worked six months in another state. How should I file my Indiana taxes?**

If you lived in Indiana for entire year, you must file an IT-40 to report your income, regardless of where it was earned. However, you may be eligible for a credit for state and local income taxes paid to the other state on the income that was subject to tax in both states. Please refer to the IT-40 instructions for further information.

If you are a non-resident or a part-year resident, a return must be filed if there is Indiana income of any

amount, even if the amount from Indiana is less than the exemptions. You are still required to file an Indiana return, Form IT-40PNR, which is the return for all non-residents and part-year residents. You may refer to page 6 of the [Form IT-40PNR](#) tax booklet. You will also need to see what the laws require for the other state(s) where you have worked.

- If you were a part-year resident and received income while you lived in Indiana, you must file Form IT-40PNR and report all income earned while an Indiana resident.
- If you were a legal resident of another state and had taxable income from Indiana, you should file Form IT-40PNR.
- If you are a resident of one of the reciprocal states that had gambling winnings, business income, farming income, etc., in Indiana, you must file Form IT-40PNR.

However, full-year residents of the reciprocal states (Kentucky, Michigan, Ohio, Pennsylvania, or Wisconsin) who only received salary, wages, tips, or commission income from Indiana are subject to different rules. They file Form IT-40RNR.

If you are a full-year resident, your spouse is not a resident for the entire year, and you and your spouse file a joint federal income tax return, then you and your spouse will file an IT-40PNR.

#### **Are the Federal COVID-19 economic impact payments taxable in Indiana?**

The economic impact payments, otherwise known as stimulus payments, are not considered income at the federal level. To provide taxpayers with certainty regarding a very complex issue, DOR's interpretation is the stimulus payments are not treated as income by Indiana. IRS and Small Business Administration guidance states that economic impact payments are to be treated as an advanced refundable tax credit and will not count as taxable income at the federal level. Please check the IRS website for updated information regarding how to report the economic impact payment on your 2020 federal tax return, or, alternatively, how to report if you did not receive an economic impact payment for which you were eligible.

#### **Are income tax estimated payments still required to be made on the regular due date?**

Currently, all income tax estimated payments are required to be made on the regular due dates.

During 2020, due to the extensions for estimated payments, Individual and Corporate filers who file on a calendar year basis moved their first estimated payment due date.

Any estimated payments due in April, May or June 2020, were due on or before July 15, 2020. For individuals and calendar-year corporations, this meant the first and second quarter estimated tax payments were both due on July 15, 2020.

As of December 2020, all tax types were back to their normal scheduled due dates.

#### **Do I have to figure county tax?**

Yes, it is based on your county of residence (or employment for non-residents) on Jan. 1 of the year you lived or worked in any Indiana county.

If you were an Indiana resident on Jan. 1, you must figure your county tax based on your county of residence.

If you were not an Indiana resident, but your county of principal business or employment was in Indiana on Jan. 1, you must figure your county of tax on the income from the county of principal business or employment.

**Can I take the recovery rebate credit on my Indiana return?**

No. The recovery rebate credit is a federal income tax credit that can be taken on your federal income tax return if you did not receive your maximum economic impact payment in 2020.

Please check the [IRS website](#) for more information.

**Is Indiana allowing customers to base their EIC (Earned Income Credit) off 2019 instead of 2020 due to COVID-19, per IRS exception guidelines?**

No, because Indiana does not conform to this provision within the Internal Revenue Code, and the amount of earned income in 2020 alone must be used for purposes of determining the Indiana credit.

**How do I claim an Injured Spouse or as a spouse who claims to not be liable for all or part of a tax liability?**

A new checkbox has been added to Schedule 7 and Schedule H for a married individual, filing jointly who wants to file as an Injured Spouse or as a spouse who claims to not be liable for all or part of a tax liability because the remaining liability is that of the other spouse.

Once DOR receives the return, a letter will be mailed out detailing the next steps.

**What are the filing requirements for a deceased individual?**

There are several requirements to meet if an individual died during the tax year or died after Dec. 31 of the tax year, but before filing their tax return.

The executor, administrator or the surviving spouse must file an Indiana income tax return for the individual if:

- The deceased was under the age of 65 and had gross income of more than \$1,000.
- The deceased was age 65 or older and had gross income of more than \$2,000.
- The deceased was a nonresident and had gross income from Indiana.
- Age is determined as of the date of death, or on Dec. 31 of the tax year, whichever is earlier.

DOR may ask for a copy of the death certificate, so please keep a copy with your records.

Make sure to enter the month and day of death, for the taxpayer or spouse that died in 2020, in the appropriate box located on the back of the form or schedule. The date of death for individuals that died in 2021 but before filing their return will be reported on the 2021 tax filing.

**What was my Federal Adjusted Gross Income (FAGI) for last year (2020)?**

DOR cannot give out the FAGI over the phone. However, there are multiple other ways customers can obtain this information:

- You can obtain this amount from your copy of your prior year's return. Many software programs retain a copy that you can access.
- You can receive the FAGI quickly by obtaining a federal transcript online. By visiting [irs.gov](#) and selecting "Get Tax Record" you may submit an online request and obtain the transcript the same day. This is often the fastest and easiest way for you to obtain what you need.

- Submit a written request to DOR for a return transcript. Request can be sent to 100 N. Senate Ave. – IGCN 105, Indianapolis IN 46204 or faxed to 317-232-1021. The request should include the year that is requested and must be signed by the customer. Responses are sent via mail to the address on record. This method can take 4-6 weeks for processing.

### **I made a mistake on my tax return; how can I fix it?**

You can file the IT-40X to amend the original return. Please make sure to include a copy updated Form IT-40 and check the box that indicates an amended return and updated schedules. If the amendment is for 2017 or earlier, please make sure to include an IRS Record of Account. Amended returns can take 12-16 weeks to process and they will not be processed until all original returns have been processed.

If you made a mistake when including unemployment income on your 2020 Indiana individual income tax return, you do not need to file an amended return at this time. See DOR's [Unemployment Benefits and Taxes](#) page for more information.

### **Why am I receiving a bill for penalties?**

A 10% late payment penalty is assessed if the payment is not made by the due date.

A 2210 Penalty indicates:

- You owed over \$1,000 for the tax period, and
- Failed to pay quarterly estimated income taxes throughout the year or

Estimated payments did not cover at least 90% of the tax due.

### **What taxes were included in the deferral and waiver of penalty and interest that was extended to taxpayers in 2020?**

The deferral and waiver of penalty and interest were extended to certain Individual and Corporate filings such as:

- Unpaid individual income taxes and pass-through withholding taxes that were due between April 1, 2020, and July 15, 2020. These taxes did not start accruing a penalty and interest until July 16, 2020.
- Unpaid corporate income taxes and financial institution taxes that were due between April 1, 2020, and April 15, 2020. These taxes did not start accruing a penalty and interest until July 16, 2020.
- Unpaid corporate income taxes and financial institution taxes that were due between April 16 and July 15, 2020. This tax did not start accruing a penalty and interest until Aug. 18, 2020.

### **Who was eligible for the deferral and waiver of penalty and interest?**

The deferral and waiver period expired on July 15, 2020. Individual estimated payments that were originally due on April 15, 2020 and June 15, 2020 were extended to be due on or before July 15, 2020.

All other tax return filings and payment due dates remain unchanged for 2020 tax season.

### **Why did I receive a Return Check Penalty?**

If you make a payment with a check, credit card, debit card or electronic funds transfer, and DOR is unable to obtain payment for its full amount when it is presented for payment, an additional penalty will be assessed on top of the original amount due.

Previously, the penalty was assessed at 10% of the amount due when paid within 10 days, increasing to 30% if payment was not received within 10 days of the returned payment bill being issued.

The penalty has been reduced to a flat fee of \$35 per returned payment for payments postmarked after Jan. 1, 2021.

### **How can I receive a copy of my 1099G?**

If you itemize your deductions on your return, you are required to include your state tax refund in your AGI at the federal level.

DOR can send out a 1099G letter to you showing the amount the state tax refund for the previous tax year.

If you want a copy of your 1099G:

- Send an email to [individualltaxassistance@dor.in.gov](mailto:individualltaxassistance@dor.in.gov).
- Allow up to 72 business hours for the request to be processed and the 1099G letter to be generated for the requested tax year.
- Once the letter is issued, you should receive the letter within 5-7 business days.

If you need a 1099G for unemployment, please reach out to the [Department of Workforce Development](#) for this information.

### **I keep getting a rejection on my E-File, what do I do?**

The message “E-file Rejections” means that something on your tax return does not match what DOR has in its database.

DOR cannot confirm or correct a return processed online that has been rejected. If your return has been rejected, please sign back into the website where you filed your tax return and follow the instructions on what to do to correct your online tax return.

Common return rejections include:

- A dependent on your return has already been claimed on another return.
- The name or Social Security number for a dependent on your return doesn't match DOR records.
- The name or EIN for an employer on your W-2 doesn't match DOR records.

Not all rejections will have explicit guides to fix the information. You will need to navigate to the program area to address the cause of the rejection, then proceed to resubmitting the return once all errors have been corrected.

If you have tried to resubmit the return and it continues to be rejected, you will need to print off the return and mail it to DOR.

Only submit by paper if you continue to get a rejection online.

### **Where is my refund?**

See [DOR's Check the Status of Your Refund](#) page. Also be aware that:

- Refunds for electronic returns are processed in an average of 10-14 business days.
- Refunds for paper returns may take 10-12 weeks.

Please note refunds could be delayed if DOR requested additional information or if information is missing from the return.

### **How can I make a payment for my taxes if I have not received a bill?**

- You can pay online at [dorpay.dor.in.gov](http://dorpay.dor.in.gov) under the Individual Tax Payment (IT-40) option.
- You can send in payment with a paper return.
- You can pay by check or money order via mail or in person at [DOR's Central Office or a DOR District Office](#). Please make sure to include the last four digits of your Social Security number or Tax Identification number and tax period in the check memo section.
- You can pay at [DOR's Central Office or a DOR District Office](#) in cash with exact change.
- You can call in payment over the phone with a Customer Service Representative.

### **I am experiencing hardship because of COVID-19. Can I get additional time to pay? Or is the 2021 individual income tax due date extended because of COVID-19?**

The 2021 individual income tax filing and payment date has been changed to May 17, 2021. Payment plans for the 2020 income tax returns cannot be created until after May 17. However, you can make partial payments now to reduce the amount that you will owe, as well as reduce penalties and interest. If the payment plan is not feasible, then you have the option to file a Hardship or Offer in Compromise with [DOR's Taxpayer Advocate Office](#).

### **Why did I receive a letter requesting additional information?**

This letter is sent by Individual Tax Compliance when a customer is asked to send additional information.

Information requested by this area may include W-2's/1099's, schedules and/or a copy of the federal return.

This information will be used to verify the credits or deductions you are claiming. The return will be held for processing or the credit/deductions will be disallowed until the requested documentation is received.

### **What is a personal representative and what can they speak with DOR about?**

Typically, DOR will contact you (and/or your spouse, if filing jointly) if there are any questions or concerns about your tax return. If you wish to allow DOR to discuss your tax return with someone else (*e.g.*, the person who prepared the return, a relative or friend, etc.) you will need to complete this area. You must check the "Yes" box authorized by DOR to discuss your return with the personal representative. The personal representative listed should be a specific person – do not just list a tax preparation company, it needs to be an individual's name.

Completing this section will allow DOR to discuss your tax account for that specific tax year with the Personal Representative. No other tax years or tax types will be discussed. [Form POA-1](#) can be completed for broader authorization.

### **What is a Power of Attorney (POA-1) form?**

A DOR employee can speak with a customer's representative only after DOR has received a properly completed [Form POA-1](#). The authority is limited to only those specific tax types and periods indicated on the form. Customers wanting to authorize a representative to have Power of Attorney on their behalf for state tax matters need to fill out [Form POA-1](#). The best option for businesses is often the e-POA which can be filed online through INTIME at [INTIME.dor.in.gov](http://INTIME.dor.in.gov)

### **Where do I get the Power of Attorney (POA-1) form?**

[Form POA-1](#) is located on the DOR website, [dor.in.gov](http://dor.in.gov). It also may be mailed or faxed to the address on the

form. The fax number is 317-615-2605.