

RESEARCH AND COMMENTS FOR
GOVERNOR MIKE PENCE'S INDIANA TAX
COMPETITIVENESS AND SIMPLIFICATION CONFERENCE
JUNE 24, 2014

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PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana Tax
Competitiveness and Simplification Conference
June 24, 2014

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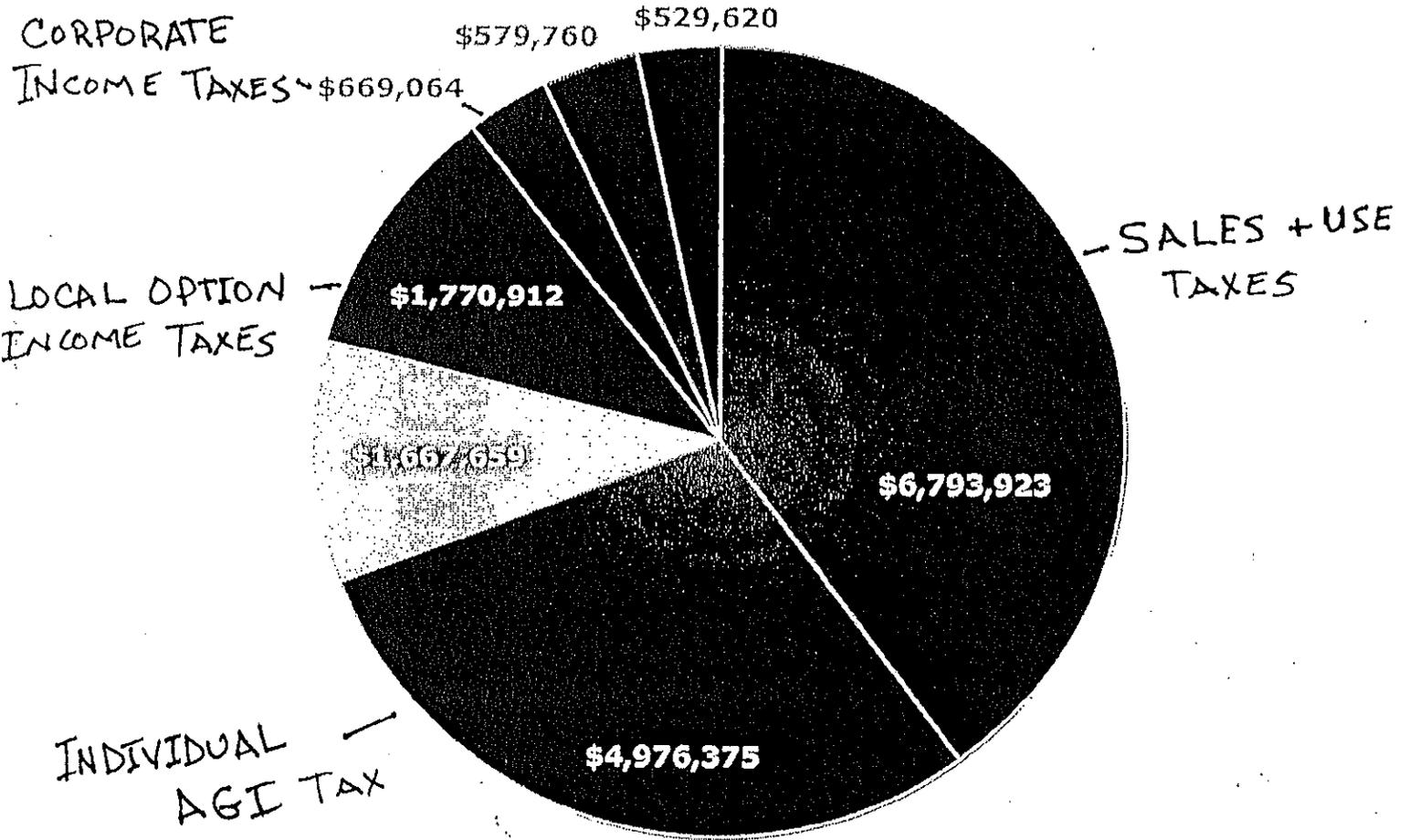
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SUMMARY OF FISCAL YEAR 2013 TAX RECEIPTS

In FY 2013, the Indiana Department of Revenue collected almost \$17 billion representing 44 active tax types.



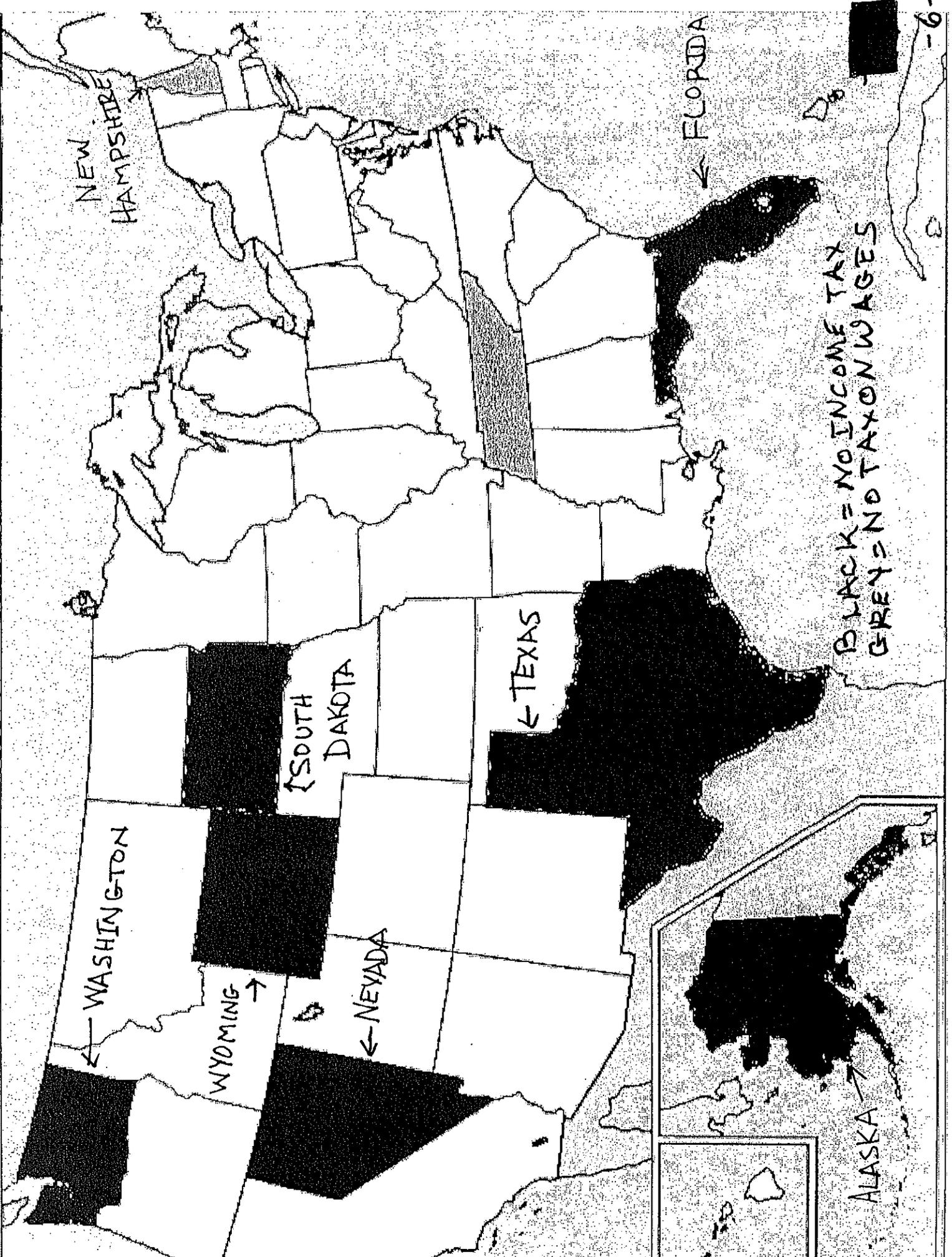
Total: \$16,987,312
(Total Receipts in Thousands)

- Sales and Use Tax
- Individual Adjusted Gross Income Tax
- Other Taxes
- Local Option Income Taxes
- Corporate Income Taxes
- Riverboat Wagering Tax
- Gasoline Tax

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SEVEN STATES WITH NO INCOME TAX		
ROW	STATE	COMMENT
1.	Alaska	
2.	Florida	
3.	Nevada	
4.	South Dakota	
5.	Texas	
6.	Washington	
7.	Wyoming	



NEW HAMPSHIRE

FLORIDA

D3

BLACK = NO INCOME TAX
GREY = NO TAX ON WAGES

-6-

WASHINGTON

WYOMING

SOUTH DAKOTA

DAKOTA

NEVADA

TEXAS

ALASKA

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 Tax Competitiveness and Simplification Conference
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34 STATES AND ONE DISTRICT WITH INCOME TAX WHICH IS BASED ON FEDERAL ADJUSTED GROSS INCOME (AGI)		
ROW	STATE	COMMENT
1.	Alabama	
2.	Arizona	
3.	California	
4.	Connecticut	
5.	Delaware	
6.	District of Columbia	
7.	Georgia	
8.	Hawaii	
9.	Idaho	
10.	Illinois	
11.	Indiana	
12.	Kansas	
13.	Kentucky	
14.	Louisiana	
15.	Maine	
16.	Maryland	
17.	Massachusetts	
18.	Michigan	
19.	Minnesota	
20.	Missouri	
21.	Montana	
22.	Nebraska	

23.	New Mexico	
24.	New York	
25.	North Carolina	
26.	Ohio	
27.	Oklahoma	
28.	Oregon	
29.	Rhode Island	
30.	Utah	
31.	Vermont	
32.	Virginia	
33.	West Virginia	
34.	Wisconsin	

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TEN STATES WITH AN INCOME TAX, BUT WHICH TAX IS NOT BASED ON FEDERAL ADJUSTED GROSS INCOME (AGI)		
ROW	STATE	COMMENT
1.	Arkansas	Uses its own definitions for gross income and deductions, some of which are the same or similar to the ones of federal income taxation, to arrive at Arkansas taxable income.
2.	Colorado	Starts with federal taxable income and makes addition and subtraction adjustments to that amount in order to arrive at Colorado taxable income..
3.	Iowa	Uses its own definitions for gross income and deductions, some of which are the same or similar to the ones of federal income taxation, in order to arrive at Iowa net income.
4.	Mississippi	Uses its own definitions for gross income and deductions, some of which are the same or similar to the ones of federal income taxation, in order to arrive at Mississippi adjusted gross income and Mississippi taxable income.
5.	New Hampshire	Has an income tax only on dividends and interest. It does not income tax wages. Further, it has its own definitions of the terms "dividend" and "interest". It also has no sales tax. Therefore, its tax revenue comes primarily from property taxes.
6.	New Jersey	Uses its own definitions for gross income and deductions, some of which are the same or similar to the ones of federal income taxation, in order to arrive at New Jersey adjusted gross income and New Jersey taxable income.
7.	North Dakota	Starts with federal taxable income and makes addition and subtraction adjustments to at North Dakota taxable income.
8.	Pennsylvania	Uses its own definitions for gross income and deductions, some of which are the same or similar to the ones of federal income taxation, in order to arrive at Pennsylvania taxable income.
9.	South Carolina	Starts with federal taxable income and makes some addition and subtraction adjustments, some of which are the same as federal income taxable, in order to arrive at South Carolina Income Subject To Tax.

10.	Tennessee	Has an income tax only on dividends and interest. It does not income tax wages. Further, it has its own definitions of the terms "dividend" and "interest". It also has a sales tax and a property tax.
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Colorado Individual Income Tax Form 104

2013
(0013)

- Full-Year Part-Year or Nonresident (or resident, part-year, nonresident combination)
- Mark if Abroad on due date - see page 25



Last Name For Yourself		First Name For Yourself		Middle Initial
Deceased <input type="checkbox"/> Yes	Date of Birth (MM/DD/YY)	SSN		
Last Name for Your Spouse (see controlled group definition)		First Name For Spouse		Middle Initial
Deceased <input type="checkbox"/> Yes	Date of Birth (MM/DD/YY)	SSN		
Mailing Address			Phone number	
City	State	ZIP Code	Foreign Country (if applicable)	
Round To The Next Dollar				
1. Enter Federal Taxable Income from your federal income tax form: 1040EZ line 6; 1040A line 27; 1040 line 43		• 1		
Additions				
2. State Addback, enter the state income tax deduction from your federal form 1040 schedule A, line 5 (see instructions)		• 2		00
3. Other Additions, explain (see instructions)		• 3		00
4. Subtotal, add lines 1 through 3		4		00
Subtractions				
5. State Income Tax Refund from federal income tax form 1040, line 10; enter \$0 if filing 1040A or 1040EZ		• 5		00
6. U.S. Government Interest		• 6		00
7. Primary Taxpayer Pension/Annuity income Deceased SSN:		• 7		00
8. Spouse Pension/Annuity income Deceased SSN:		• 8		00
9. Colorado Source Capital Gain; 5-year assets acquired on or after 5/9/1994		• 9		00
10. Tuition Program Contribution: (see instructions) Owner's SSN: •		• 10		00
Total Contribution	Owner's Name			
11. Qualifying Charitable Contribution		• \$		00
12. Qualified Reservation Income		• 12		00
13. PERA/DPSRS Subtraction, for PERA contributions made in 1984-1986 or DPSRS contributions made in 1986		• 13		00
14. Railroad Benefit Subtraction, tier I or II only		• 14		00
15. Wildfire Mitigation Measures Subtraction		• 15		00
16. Other Subtractions, explain below (see instructions)		• 16		00



17. Subtotal, add lines 5 through 16	17	00	
18. Colorado Taxable Income, line 4 minus line 17	• 18	00	
Tax, Prepayments and Credits: full-year residents turn to page 21 and part-year and nonresidents go to 104PN			
19. Colorado Tax from tax table or 104PN line 36	• 19	00	
20. Alternative Minimum Tax from Form 104AMT	• 20	00	
21. Recapture of prior year credits	• 21	00	
22. Subtotal, add lines 19 through 21	22	00	
23. Nonrefundable Credits from 104CR line 39, cannot exceed the sum of lines 19 and 20	• 23	00	
24. Total Enterprise Zone credits used – as calculated, or form DR 1366 line 70	• 24	00	
25. Net Tax, subtract lines 23 and 24 from line 22	25	00	
Staple W-2s and 1099s here. Use only for line 26. ◀	26. CO Income Tax Withheld from W-2s and 1099s. Staple only if line 26 is greater than \$0	• 26	00
27. Prior-year Estimated Tax Carryforward	• 27	00	
28. Estimated Tax Payments, enter the sum of the quarterly payments remitted for this tax year	• 28	00	
29. Extension Payment remitted with form 158-I	• 29	00	
30. Other Prepayments: • <input type="checkbox"/> 104BEP • <input type="checkbox"/> DR 0108 • <input type="checkbox"/> DR 1079	• 30	00	
31. Innovative Motor Vehicle Credit from line 36 form DR 0617	• 31	00	
32. Refundable Credits from 104CR line 9	• 32	00	
33. Subtotal, add lines 26 through 32	33	00	
34. Federal Adjusted Gross Income from your federal income tax form: 1040EZ line 4; 1040A line 21; 1040 line 37	• 34	00	
35. Overpayment, if line 33 is greater than 25 then subtract line 25 from line 33	35	00	
36. Estimated Tax Credit Carry Forward to 2014 first quarter, if any	• 36	00	
Voluntary Contributions enter your donation amount, if any			
37. Nongame and Endangered Wildlife Cash Fund	• 37	00	
38. Colorado Domestic Abuse Program Fund	• 38	00	
39. Homeless Prevention Activities Program Fund	• 39	00	
40. Western Slope Military Veterans Cemetery Fund	• 40	00	
41. Pet Overpopulation Fund	• 41	00	
42. Colorado Healthy Rivers Fund	• 42	00	
43. Alzheimer's Association Fund	• 43	00	



44. Military Family Relief Fund	• 44	00
45. Colorado Cancer Fund	• 45	00
46. Make-A-Wish Foundation of Colorado Fund	• 46	00
47. Unwanted Horse Fund	• 47	00
48. Goodwill Industries Fund	• 48	00
49. Families in Action for Mental Health Fund	• 49	00
50. Colorado Multiple Sclerosis Fund	• 50	00
51. Public Education Fund	• 51	00
52. Subtotal, add lines 36 through 51	52	00
53. Refund, subtract line 52 from line 35 (see page 11)	• 53	00

Direct Deposit

Routing Number Type: Checking Savings
 Account Number

For questions regarding CollegeInvest direct deposit or to open an account call 800-448-2424 or visit CollegeInvest.org

Amount You Owe

54. Net Tax Due, subtract line 33 from line 25 (include the subtotal from line 52)	54	00
55. Delinquent Payment Penalty (see instructions)	• 55	00
56. Delinquent Payment Interest (see instructions)	• 56	00
57. Estimated Tax Penalty (see instructions)	• 57	00
58. Amount You Owe, add lines 54, 55, 56 and 57	• 58	00

The State may convert your check to a one time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your bank account electronically.

We strongly recommend that you file using Revenue Online or another electronic method.
 If you cannot e-file, mail to: Colorado Department of Revenue, Denver CO 80261-0005

Third Party Designee

Do you want to allow another person to discuss this return and any other information related to this return with the Colorado Department of Revenue? No Yes. Complete the following:

Designee's Name Phone Number

Sign Below Under penalties of perjury, I declare that to the best of my knowledge and belief, this return is true, correct, and complete.

Your Signature Date (MM/DD/YY)

Spouse Signature. If joint return, BOTH must sign. Date (MM/DD/YY)

Paid Preparer's Name Paid Preparer's Phone

Paid Preparer's Address City State Zip



Form

North Dakota Office of State Tax Commissioner

ND-1 Individual income tax return

2013 WEB

▶ If a fiscal year filer, enter
fiscal year end: (See page 11) ____ / ____ / ____

Please type or print in black or blue ink.

Your name (First, MI, Last name)		Deceased <input type="radio"/>	Date of death	Your social security number
If joint return, spouse's name (First, MI, Last name)		Deceased <input type="radio"/>	Date of death	Spouse's social security number
Mailing address		▶ Fill in only if applicable: (See page 11)		
City		Amended return: General <input type="radio"/>		
State	ZIP code	Amended return: Federal NOL <input type="radio"/>		
		Extension <input type="radio"/>		
A. Filing status used on federal return: (Fill in only one)		▶ MN/MT Reciprocity (See page 11) <input type="radio"/>		
<input type="radio"/> 1. Single <input type="radio"/> 2. Married filing jointly <input type="radio"/> 3. Married filing separately		State _____		
<input type="radio"/> 4. Head of household <input type="radio"/> 5. Qualifying widow(er) with dependent child		Attach a copy of your 2013 federal income tax return		
B. School district code: _____ (See page 19)		C. Income source code: _____ (See page 11)		

D. Federal adjusted gross income from line 37 of Form 1040, line 21 of Form 1040A, or line 4 of Form 1040EZ (SX) D _____

✓ 1. Federal taxable income from line 43 of Form 1040, line 27 of Form 1040A, or line 6 of Form 1040EZ (If zero, see page 12 of instructions) (SS) 1 _____

Additions

- 2. Lump-sum distribution from Federal Form 4972 (NA) 2 _____
- 3. Adjustment for loss from an S corporation that elected taxation under N.D.C.C. § 57-38-01.35 (NB) 3 _____
- 4. a. Planned gift or endowment tax credit adjustment to income (NK) 4a _____
- b. Housing incentive fund tax credit adjustment to income (AP) 4b _____
- 5. Total additions. Add lines 2 through 4b 5 _____
- 6. Add lines 1 and 5 6 _____

Subtractions

- 7. Interest from U.S. obligations (SN) 7 _____
- 8. Net long-term capital gain exclusion (From worksheet on page 13 of instructions) (NC) 8 _____
- 9. Exempt income of an eligible Native American (S4) 9 _____
- 10. Benefits received from U.S. Railroad Retirement Board (S5) 10 _____
- 11. Adjustment for income from an S corporation that elected taxation under N.D.C.C. § 57-38-01.35 (S6) 11 _____
- 12. National Guard/Reserve member federal active duty pay exclusion (Attach copy of Title 10 orders) (NI) 12 _____
- 13. Nonresident only: Servicemembers Civil Relief Act adjustment (Attach copy of Form W-2 showing this compensation) (NJ) 13 _____
- 14. College SAVE account deduction (AA) 14 _____
- 15. Qualified dividend exclusion (AO) 15 _____
- 16. Total other subtractions (Attach Schedule ND-ISA) (AB) 16 _____
- 17. Total subtractions. Add lines 7 through 16 17 _____
- 18. North Dakota taxable income. Subtract line 17 from line 6. If less than zero, enter 0 (ND) 18 _____



State of New Jersey Division of Taxation

2013 NJ-1040 Income Tax Resident Form



For tax year Jan. - Dec., 2013 or other tax year beginning:

Month / Year ending:

Check box if application for Federal extension is enclosed or enter confirmation #

IMPORTANT! YOU MUST ENTER YOUR SSN(s). Your Social Security Number

Spouse's/CU Partner's SS No.

County/Municipality Code (See Table p. 50)

Last Name, First Name, Initial (Joint filers enter first name & Initial of each - Enter spouse/CU partner last name ONLY if different)

Home address (Number and Street, including apartment number or rural route)

City/Town/Post Office

State Zip Code + 4

Change of Address

NJ RESIDENCY STATUS If you were a New Jersey resident for ONLY part of the taxable year, give the period of New Jersey residency:

From:

To:

Table with columns: FILING STATUS (1-5), EXEMPTIONS (6-12), and ENTER NUMBERS HERE. Includes options like Single, Married/CU couple, Head of Household, etc.

Table for DEPENDENTS (13-14) with columns: 13. Dependent's Last Name, First Name, MI; 14. Dependent's Social Security Number; Birth Year. Includes a note about health insurance.

GUBERNATORIAL ELECTIONS FUND Do you wish to designate \$1 of your taxes for this fund? Yes No Note: If you check Yes, it will not increase your tax or reduce your refund.

If enclosing copy of death certificate for deceased taxpayer, fill in (See instruction page 11)

If you do not need forms mailed to you next year, fill in (See instruction page 13)

Under the penalties of perjury, I declare that I have examined this income tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature Date Spouse's/CU Partner's Signature (if filing jointly, BOTH must sign) Date

Check Amount (see Line 56)

I authorize the Division of Taxation to discuss my return and enclosures with my preparer (below)

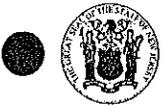
Paid Preparer's Signature

Federal ID Number

Firm's Name

Federal Employer ID No.

Pay amount on Line 56 in full. Write SS number(s) on check or money order and make payable to: STATE OF NEW JERSEY - TGI; Mail your check or money order with your NJ-1040V payment voucher and your return to: Revenue Processing Center PO Box 111 Trenton, NJ 08645-0111 IF REFUND: Revenue Processing Center PO Box 555 Trenton, NJ 08647-0555 You may also pay by e-check or credit card. See instruction page 11.



State of
New Jersey
Division of Taxation

2013 NJ-1040
Income Tax Resident Form



Your Social Security Number Name(s) as shown on Form NJ-1040

14. Wages, salaries, tips, and other employee compensation (Enclose W-2). Be sure to use State wages from Box 16 of your W-2(s). See instructions	14
15a. Taxable interest income (See instructions) (Enclose Federal Schedule B if over \$1,500)	15a
15b. Tax-exempt interest income (See instructions) (Enclose Schedule) DO NOT include on Line 15a	15b
16. Dividends	16
17. Net profits from business (Schedule NJ-BUS-1, Part I, Line 4) (Enclose copy of Federal Schedule C, Form 1040)	17
18. Net gains or income from disposition of property (Schedule B, Line 4)	18
19a. Pensions, Annuities, and IRA Withdrawals (See instruction page 20)	19a
19b. Excludable Pensions, Annuities, and IRA Withdrawals	19b
20. Distributive Share of Partnership Income (Schedule NJ-BUS-1, Part II, Line 4) (See instruction page 24) (Enclose Schedule NJ-K-1 or Federal Schedule K-1)	20
21. Net pro rata share of S Corporation Income (Schedule NJ-BUS-1, Part III, Line 4) (See instruction page 24) (Enclose Schedule NJ-K-1 or Federal Schedule K-1)	21
22. Net gains or income from rents, royalties, patents & copyrights (Schedule NJ-BUS-1, Part IV, Line 4)	22
23. Net Gambling Winnings (See instruction page 24)	23
24. Alimony and separate maintenance payments received	24
25. Other (Enclose Schedule) (See instruction page 24)	25
26. Total Income (Add Lines 14, 15a, 16, 17, 18, 19a, and 20 through 25)	26
27a. Pension Exclusion (See instruction page 25)	27a
27b. Other Retirement Income Exclusion (See Worksheet and instruction page 26)	27b
27c. Total Exclusion Amount (Add Line 27a and Line 27b)	27c
28. New Jersey Gross Income (Subtract Line 27c from Line 26) (See instruction page 27)	28
29. Total Exemption Amount (See instruction page 27 to calculate amount) (Part-Year Residents see instruction page 6)	29
30. Medical Expenses (See Worksheet and instruction page 27)	30
31. Alimony and Separate Maintenance Payments	31
32. Qualified Conservation Contribution	32
33. Health Enterprise Zone Deduction	33
34. Alternative Business Calculation Adjustment (Schedule NJ-BUS-2, Line 11)	34
35. Total Exemptions and Deductions (Add Lines 29, 30, 31, 32, 33, and 34)	35
36. Taxable Income (Subtract Line 35 from Line 28) If zero or less, MAKE NO ENTRY.	36
37a. Total Property Taxes Paid (See instruction page 29)	37a
37b. Check box if you were a New Jersey homeowner on October 1, 2013	
37c. Property Tax Deduction (See instruction page 32)	37c
38. NEW JERSEY TAXABLE INCOME (Subtract Line 37c from Line 36). If zero or less, MAKE NO ENTRY	38
39. TAX (From Tax Table, page 52)	39



State of
New Jersey
Division of Taxation

2013 NJ-1040
Income Tax Resident Form



040WB03130

Your Social Security Number

Name(s) as shown on Form NJ-1040

40. TAX (From Line 39, page 2)	40
41. Credit For Income Taxes Paid to Other Jurisdictions. Enter other jurisdiction code (See instructions)	41
42. Balance of Tax (Subtract Line 41 from Line 40)	42
43. Sheltered Workshop Tax Credit	43
44. Balance of Tax after Credit (Subtract Line 43 from Line 42)	44
45. Use Tax Due on Internet, Mail-Order, or Other Out-of-State Purchases (See Worksheet and instruction page 35). If no Use Tax, enter ZERO (0.00)	45
46. Penalty for Underpayment of Estimated Tax Check box if Form NJ-2210 is enclosed	46
47. Total Tax and Penalty (Add Lines 44, 45, and 46)	47
48. Total New Jersey Income Tax Withheld (From enclosed Forms W-2 and 1099)	48
49. Property Tax Credit (See instruction page 32)	49
50. New Jersey Estimated Tax Payments/Credit from 2012 tax return	50
51. New Jersey Earned Income Tax Credit (See instruction page 38) Select one Check box if you had the IRS figure your Federal Earned Income Credit Check box if you are a CU couple claiming the NJ Earned Income Tax Credit	51
52. EXCESS New Jersey UI/WF/SWF Withheld (See instructions page 38) (Enclose Form NJ-2450)	52
53. EXCESS New Jersey Disability Insurance Withheld (See instructions page 38) (Enclose Form NJ-2450)	53
54. EXCESS New Jersey Family Leave Insurance Withheld (See instructions page 38) (Enclose Form NJ-2450)	54
55. Total Payments/Credits (Add Lines 48 through 54)	55
56. If Line 55 is LESS THAN Line 47, enter AMOUNT YOU OWE	56
Check box if paying by e-check or credit card (If paying by check, remember to enter check amount on Page 1) If you owe tax, you may make a donation by entering an amount on Lines 59, 60, 61, 62, 63, and/or 64 and adding this to your payment amount.	
57. If Line 55 is MORE THAN Line 47, enter OVERPAYMENT	57
Deductions from Overpayment on Line 57 which you elect to credit to:	
58. Your 2014 tax	58
59. N.J. Endangered Wildlife Fund	\$10 \$20 Other
60. N.J. Children's Trust Fund To Prevent Child Abuse	\$10 \$20 Other
61. N.J. Vietnam Veterans' Memorial Fund	\$10 \$20 Other
62. N.J. Breast Cancer Research Fund	\$10 \$20 Other
63. U.S.S. New Jersey Educational Museum Fund	\$10 \$20 Other
64. Other Designated Contribution (See instruction page 39)	\$10 \$20 Other
65. Total Deductions from Overpayment (Add Lines 58 through 64)	65
66. REFUND (Amount to be sent to you. Subtract Line 65 from Line 57)	66

DO NOT WRITE
IN THIS SPACE

ENTER AMOUNT OF
CONTRIBUTION



State of
New Jersey
Division of Taxation

2013 NJ-1040 -H
Property Tax
Credit Application



040HW01130

For Privacy Act Notification,
See Instructions

IMPORTANT!
YOU MUST ENTER YOUR SSN(s).

Your Social Security Number

Spouse's/CU Partner's SS No.

County/Municipality
Code (See Table p. 51)

Last Name, First Name, Initial (Joint filers enter first name & initial of each - Enter spouse/CU partner last name ONLY if different)

Home address (Number and Street, including apartment number or rural route)

City/Town/Post Office

State

Zip Code + 4

Change of Address

FILING STATUS

1. Single
2. Married/CU couple, filing joint return
3. Married/CU Partner, filing separate return. Enter Spouse's/CU Partner's SS No in the boxes above
4. Head of Household
5. Qualifying widow(er)/ Surviving CU Partner

Place label on form if all preprinted information is correct. Otherwise, print or type your name and address.

NJ RESIDENCY STATUS

6. If you were a New Jersey resident for ONLY part of the taxable year, give the period of New Jersey residency: From: To:

Do Not File This Property Tax Credit Application If You:

- Have Filed Or Will File a 2013 New Jersey Resident Return, Form NJ-1040; Or
- Were a New Jersey Homeowner on October 1, 2013; Or
- Were Under Age 65 and NOT Blind or Disabled on December 31, 2013; Or
- Had New Jersey Gross Income for 2013 of More Than \$20,000 (More Than \$10,000 if Filing Status is Single or Married/CU Partner, Filing Separate Return).

7a. On December 31, 2013, were you age 65 or older? Yourself Yes No Spouse CU/Partner Yes No

7b. On December 31, 2013, were you blind or disabled? Yourself Yes No Spouse CU/Partner Yes No

If you (and your spouse/CU partner) did not meet the age or disability requirements, do not file Form NJ-1040-H. See instructions.

8. On October 1, 2013, did you own and occupy a home in New Jersey as your principal residence? Yes No

If "Yes," STOP. Do not file Form NJ-1040-H. See instructions.

9. Indicate whether at any time during 2013 you either owned a home or rented a dwelling in New Jersey as your principal residence on which property taxes (or rent) were paid. Fill in the appropriate oval. If you were both a homeowner and a tenant during the year, fill in "Both."

Check only one Homeowner Tenant Both Neither

If "Homeowner" or "Tenant" or "Both," you may be asked to provide proof of property taxes or rent paid on your principal residence. If you were neither a homeowner nor a tenant, STOP. You are not eligible for a property tax credit. Do not file Form NJ-1040-H.

10. Enter your NEW JERSEY GROSS INCOME 10

Enter the amount of income you would have reported on Line 28, Form NJ-1040 if you had filed the tax return. See instructions.

This is a Property Tax Credit Application for Certain Homeowners and Tenants.
There is no tenant rebate application available for 2013 since tenant rebates for 2009, 2010, 2011 and 2012 were suspended by the State Budget.

Division Use 1 2 3 4 5 6 7

Under the penalties of perjury, I declare that I have examined this property tax credit application, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

If you do not need forms mailed to you next year, fill in (See instruction page 13)

Signature Date

Check box if enclosing copy of death certificate for deceased taxpayer. (See instruction page 11)

I authorize the Division of Taxation to discuss my return and enclosures with my preparer below.

Spouse's/CU Partner's Signature (if filing jointly, BOTH must sign) Date

Federal Identification Number

Paid Preparer's Signature

Firm's Name

Federal Employer ID No.

Mail your Property Tax Credit Application to:

NJ Division of Taxation
Revenue Processing Center
PO Box 555
Trenton, NJ 08647-0555

2013 IA 1040 Iowa Individual Income Tax Form

or fiscal year beginning ___/___/2013 and ending ___/___/___

STEP 1: Fill in all spaces. You MUST fill in your Social Security Number (SSN).

Your last name _____ Your first name/middle initial _____

Spouse's last name _____ Spouse's first name/middle initial _____

Current mailing address (number and street, apartment, lot, or suite number) or PO Box _____

City, State, ZIP _____

Spouse SSN ●	Your SSN ●	E-Mail Address
STEP 2 Filing Status: Mark one box only.		<input type="checkbox"/> Check this box if you or your spouse were 65 or older as of 12/31/13.
1 <input type="checkbox"/> Single: Were you claimed as a dependent on another person's Iowa return? <input type="checkbox"/> YES <input type="checkbox"/> NO▲	Residence on 12/31/13: County No. ● School District No. ●	
2 <input type="checkbox"/> Married filing a joint return. (Two-income families may benefit by using status 3 or 4.)	Dependent children for whom an exemption is claimed in Step 3 How many have health care coverage? (including Medicaid or hawk-i) ● How many do not have health care coverage? ●	
3 <input type="checkbox"/> Married filing separately on this combined return. Spouse use column B.	SSN: _____ ▲ Net Income: \$ _____	
4 <input type="checkbox"/> Married filing separate returns. Spouse's name: _____	Head of household with qualifying person. If qualifying person is not claimed as a dependent on this return, enter the person's name and SSN below.	
5 <input type="checkbox"/> Head of household with qualifying person. If qualifying person is not claimed as a dependent on this return, enter the person's name and SSN below.	Qualifying widow(er) with dependent child. Name: _____ SSN: _____	
6 <input type="checkbox"/> Qualifying widow(er) with dependent child.		

STEP 3 Exemptions

a. Personal Credit: Col. A: Enter 1 (enter 2 if filing status 2 or 5); Col. B: Enter 1 if filing status 3) ▲	X \$ 40 = \$ _____	▲	X \$ 40 = \$ _____
b. Enter 1 for each taxpayer who is 65 or older and/or 1 for each taxpayer who is blind.... ▲	X \$ 20 = \$ _____	▲	X \$ 20 = \$ _____
c. Dependents: Enter 1 for each dependent! ▲	X \$ 40 = \$ _____	▲	X \$ 40 = \$ _____
d. Enter first names of dependents here: _____	e. TOTAL \$ _____		\$ _____

	B. Spouse/Status 3	A. You or Joint	B. Spouse/Status 3	A. You or Joint
STEP 4 1. Wages, salaries, tips, etc.	1. _____ .00	_____ .00	_____ .00	_____ .00
Gross 2. Taxable interest income. If more than \$1,500, complete Sch. B. . 2. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
Income 3. Ordinary dividend income. If more than \$1,500, complete Sch. B. . 3. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
4. Alimony received 4. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
5. Business income/(loss) from federal Schedule C or C-EZ 5. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
6. Capital gain/(loss) from federal Sch. D if required for federal purposes 6. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
7. Other gains/(losses) from federal form 4797 7. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
8. Taxable IRA distributions 8. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
9. Taxable pensions and annuities 9. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
10. Rents, royalties, partnerships, estates, etc. 10. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
11. Farm income/(loss) from federal Schedule F 11. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
12. Unemployment compensation. See instructions. 12. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
13. Taxable Social Security benefits 13. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
14. Other income, gambling income, bonus depreciation/section 179 adjustment 14. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
15. GROSS INCOME. ADD lines 1-14. 15. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00

NOTE: Use only blue or black ink, no pencils or red ink.

STEP 5 16. Payments to an IRA, Keogh, or SEP 16. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
Adjustments 17. Deductible part of self-employment tax 17. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
to 18. Health insurance deduction 18. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
Income 19. Penalty on early withdrawal of savings 19. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
20. Alimony paid 20. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
21. Pension/retirement income exclusion 21. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
22. Moving expense deduction from federal form 3903 22. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
23. Iowa capital gain deduction; certain sales ONLY. See instructions. ... 23. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
24. Other adjustments 24. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
25. Total adjustments. ADD lines 16-24. 25. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
26. NET INCOME. SUBTRACT line 25 from line 15. 26. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00

STEP 6 27. Federal income tax refund / overpayment received in 2013 27. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
Federal 28. Self-employment/household employment taxes 28. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
Tax 29. Addition for federal taxes. ADD lines 27 and 28. 29. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
Addition 30. Total. ADD lines 26 and 29. 30. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
and 31. Federal tax withheld 31. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
Deduc- 32. Federal estimated tax payments made in 2013 32. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
tion 33. Additional federal tax paid in 2013 for 2012 and prior years 33. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00
34. Deduction for federal taxes. ADD lines 31, 32, and 33. 34. _____ .00	_____ .00	_____ .00	_____ .00	_____ .00
35. BALANCE. SUBTRACT line 34 from line 30. Enter here and on line 36, side 2. 35. _____ .00 ▲	_____ .00	_____ .00	_____ .00	_____ .00



2013 IA 1040, page 2

B. Spouse/Status 3 A. You or Joint B. Spouse/Status 3 A. You or Joint

STEP 7 Taxable Income

36. BALANCE. From side 1, line 35 36. .00 .00

37. Deduction. Check one box. Itemized. (include IA Schedule A) Standard 37. .00 .00

38. TAXABLE INCOME. SUBTRACT line 37 from line 36. 38. .00 .00

39. Tax from tables or alternate tax 39. .00 .00

40. Iowa lump-sum tax. 25% of federal tax from form 4972 40. .00 .00

41. Iowa minimum tax. Attach IA 6251. 41. .00 .00

42. Total tax. ADD lines 39, 40, and 41. 42. .00 .00

43. Total exemption credit amount(s) from Step 3, side 1. 43. .00 .00

STEP 8 Tax, Credits and Checkoff Contributions

44. Tuition and textbook credit for dependents K-12. 44. .00 .00

45. Volunteer Firefighter/EMS credit. 45. .00 .00

46. Total credits. ADD lines 43, 44, and 45. 46. .00 .00

47. BALANCE. SUBTRACT line 46 from line 42. If less than zero, enter zero. 47. .00 .00

48. Credit for nonresident or part-year resident. Include IA 126 and federal return. 48. .00 .00

49. BALANCE. SUBTRACT line 48 from line 47. If less than zero, enter zero. 49. .00 .00

50. Other nonrefundable Iowa credits. Include IA 148 Tax Credits Schedule. 50. .00 .00

51. BALANCE. SUBTRACT line 50 from line 49. If less than zero, enter zero. 51. .00 .00

52. School district surtax or EMS surtax. Take percentage from table; multiply by line 51. 52. .00 .00

53. Total tax. ADD lines 51 and 52. 53. .00 .00

54. TOTAL tax before contributions. Combine columns A and B on line 53 and enter here. 54. .00 .00

55. Contributions. Contributions will reduce your refund or add to the amount you owe. Amounts must be in whole dollars.
 Fish/Wildlife 55a: StateFair 55b: Firefighters/Veterans 55c: Child Abuse Prevention 55d: Enter total 55. .00 .00

56. TOTAL TAX AND CONTRIBUTIONS. Add line 54 and line 55 and enter here. 56. .00 .00

STEP 9 Credits

57. Out-of-state tax credit. Include IA 130. 57. .00 .00

58. Motor fuel tax credit. Include IA 4136. 58. .00 .00

59. Check One: Child and dependent care credit OR Early childhood development credit 59. .00 .00

60. Iowa earned income tax credit. See Instructions. 60. .00 .00

61. Other refundable credits. Include IA 148 Tax Credits Schedule. 61. .00 .00

62. Total refundable credits. ADD lines 57 - 61. 62. .00 .00

63. Tax after credits. SUBTRACT line 62 from line 53. If less than 0, enter 0. 63. .00 .00

64. Taxpayers trust fund tax credit. See Instructions. 64. .00 .00

65. Iowa income tax withheld. 65. .00 .00

66. Estimated and voucher payments made for tax year 2013 66. .00 .00

67. TOTAL. ADD lines 62, 64, 65, and 66. 67. .00 .00

68. TOTAL CREDITS. ADD columns A and B on line 67 and enter here. 68. .00 .00

69. If line 68 is more than line 56, SUBTRACT line 56 from line 68. This is the amount you overpaid. 69. .00 .00

STEP 10 Refund or Amount You Owe

70. Amount of line 69 to be REFUNDED REFUND 70. .00 .00
 For a faster refund file electronically. Go to www.iowa.gov/tax for details

71. Amount of line 69 to be applied to your 2014 estimated tax. 71. .00 .00

72. If line 68 is less than line 56, SUBTRACT line 68 from line 56. This is the AMOUNT OF TAX YOU OWE. 72. .00 .00

73. Penalty for underpayment of estimated tax from IA 2210, IA 2210S, or IA 2210F Check if annualized income method is used. 73. .00 .00

74. Penalty and interest 74a. Penalty .00 74b. Interest .00 ADD Enter total 74. .00 .00

75. TOTAL AMOUNT DUE. ADD lines 72, 73, and 74, and enter here. PAY THIS AMOUNT 75. .00 .00
 You can pay online at www.iowa.gov/tax. Mailing address: Iowa Income Tax - Document Processing, PO Box 9187, Des Moines IA 50306-9187. Make check payable to Treasurer, State of Iowa.

STEP 11 POLITICAL CHECKOFF. This checkoff does not increase the amount of tax you owe or decrease your refund.

\$1.50 to Democratic Party \$1.50 to Democratic Party

SPOUSE: \$1.50 to Republican Party YOURSELF: \$1.50 to Republican Party

\$1.50 to Campaign Fund \$1.50 to Campaign Fund

STEP 12 I (We), the undersigned, declare under penalty of perjury that I (we) have examined this return, including all accompanying schedules and statements, and, to the best of my (our) knowledge and belief, it is a true, correct, and complete return. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

PLEASE

SIGN HERE Your Signature _____ Date _____ Check if Deceased Date of Death _____ Preparer's Signature _____ Date _____

SIGN HERE Spouse's Signature _____ Date _____ Check if Deceased Date of Death _____ Preparer's PTIN _____ Firm's FEIN _____

Daytime Telephone Number _____ Daytime Telephone Number _____



This return is due April 30, 2014. Please sign, enclose W-2s, and verify SSNs. MAILING ADDRESS: See line 75 above.

INCOME TAX

Who Must File a Return (also see Taxable Income):

1. A person whose legal domicile* is in Tennessee and whose taxable interest and dividend income exceeded \$1,250 (\$2,500 if married, filing jointly) during the tax year.
2. A person who moved into or out of Tennessee during the year and whose taxable interest and dividend income during the period of Tennessee residency exceeded \$1,250 (\$2,500 if married, filing jointly).
3. A person whose legal domicile* is in another state, but who maintained a residence in Tennessee for more than six months of the year and whose taxable interest and dividend income exceeded \$1,250 (\$2,500 if married, filing jointly). Military personnel and full-time students having legal domicile in another state are not required to file.
4. A person, bank, etc. acting as a Tennessee fiduciary (administrator, executor, guardian, trustee, or other acting in a similar capacity) who received \$1,250 or more in taxable interest and dividend income for the benefit of Tennessee residents. However, if a grantor trust does not obtain an FEIN, the trustee shall not file a return, but shall report the total amount of income received by the trustee to the grantor, who shall be liable for the tax. Also, the trustee of a charitable remainder trust is not responsible for payment of tax. The trustee shall report to each resident beneficiary the amount of taxable income distributed to him, and the beneficiary shall be liable for the tax. Trustees who receive taxable income on behalf of NONRESIDENT BENEFICIARIES and NOT required to file a return. However, when taxable income is received on behalf of both RESIDENT and NONRESIDENT BENEFICIARIES, ONLY THE TAXABLE INCOME OF ANY RESIDENT BENEFICIARY is required to be reported on Schedule A on the back and on Line 1, Page 1 of the return. Nonresident income may be reported in Schedule B on the back of the return. An executor or administrator of a Tennessee estate must pay tax on income received by the estate, until stocks and bonds have been transferred to the beneficiaries, even if the beneficiaries are nonresidents. A trust or estate is entitled to only one exemption of \$1,250 regardless of the number of beneficiaries.
5. A Tennessee partnership whose taxable interest and dividend income exceeded \$1,250. The partnership is liable for the tax, if any.

Exemptions:

1. An exemption of \$1,250, or \$2,500 for married persons filing jointly, is allowed against total taxable interest and dividend income reported annually.
2. A person who is legally blind is exempt from the tax. Legal blindness means that vision does not exceed 20/200 in the better eye with correcting lenses or that the widest diameter of the visual field subtends an angle no greater than 20 degrees.
 - (a) To obtain the exemption, SINGLE FILERS need only to send a written statement from their physician, certifying their blindness, to the Department of Revenue. A TAX RETURN IS NOT REQUIRED TO BE FILED BY SINGLE FILERS WHO ARE BLIND.
 - (b) For JOINT FILERS, when taxable income is received by a blind person and a sighted spouse, only the taxable income of the sighted person is required to be reported in Schedule A on the back and on Line 1, Page 1 of the return. The income of the blind person is exempted and may be reported in Schedule B on the back of the return. If the taxable dividend/interest income is received jointly by a blind person and a sighted spouse, only one-half (1/2) of the jointly received income will be exempt from tax. The sighted person is entitled to only a \$1,250 exemption on a jointly filed return. A physician's statement for the blind spouse is required with the return.
3. If a person is certified by a medical doctor to be quadriplegic, the taxable income that is derived from circumstances resulting in the individual becoming a quadriplegic is exempt. However, when taxable interest and dividend income is received jointly by a quadriplegic and a spouse who is not a quadriplegic, or who is quadriplegic but the taxable income was not derived from circumstances resulting in such spouse becoming quadriplegic, only one-half (1/2) of the jointly received income will be exempt from the tax. In such a case, the spouse who is not quadriplegic or whose quadriplegic condition did not result in the income, is entitled to only a \$1,250 exemption.
4. For tax years beginning January 1, 2013, any person 65 years of age or older having a total annual income derived from any and all sources of \$33,000 or less, or \$59,000 or less for joint filers are completely exempt from the tax.

Taxable Income

1. Dividends from stock in:
 - a. All corporations.
 - b. Insurance companies not licensed to do business in Tennessee.
 - c. All holding companies, including those formed by banks, savings and loan associations, and insurance companies.
 - d. State-chartered banks outside Tennessee not doing business in Tennessee.
2. Income from investment trusts and mutual funds, including capital gain distributions, whether in cash or additional stock, is taxable. Portion of income derived from bonds of U.S. Government and its agencies or bonds of the state of Tennessee and its counties and municipalities is exempt.
3. Any distribution which does not qualify as a return of capital and is otherwise taxable. In order to qualify as a return of capital, it must be shown that part of the shareholder's investment is being returned to the shareholder and that, as a result, the capital of the company is actually reduced. The status or classification of the transaction for federal income tax purposes is not controlling.
4. Market value of stock in a corporation given by another corporation as a dividend in the regular course of business.
5. Distributions based on stock ownership to shareholders of an S corporation.
6. Interest from the following, if the instrument matures in more than six months from the date of issuance (except certificates of deposit):
 - a. Bonds of states, counties, and municipalities outside Tennessee.
 - b. Bonds of foreign governments.
 - c. Church bonds.
 - d. Bonds, mortgages, deeds of trust, personal notes, promissory notes, installment notes, commercial paper, or other written instruments, issued by any person, firm, corporation, joint-stock company, business, trust or partnership.
7. Interest and dividends you received as a beneficiary of a trust or estate located outside Tennessee, unless derived from a nontaxable

source.

8. Dividends or interest from money market funds which are not bank money market accounts.
9. Dividends or interest from Federal National Mortgage Association, Government National Mortgage Association and Federal Home Loan Mortgage Corporation.
10. Income credited to a limited partner's capital account if the partner has a certificate evidencing transferable interest in the partnership (usually a publicly-traded partnership).

*Legal domicile - Some items considered in determining "legal domicile" are: where you are registered to vote, where you maintain your driver's license, where you maintain your permanent or principal residence (as opposed to a special-purpose or temporary residence, such as a vacation home, etc.).

Income is considered taxable when it is:

1. Received in cash; or
2. Paid by check or other negotiable instrument or equivalent that is mailed to taxpayer, regardless of date received; or
3. Credited on books of a bank, banking institution, broker or any agent of taxpayer; or
4. Received in merchandise or other commodities of intrinsic value.

Nontaxable Income

1. Dividends from stock in:
 - a. National banks (except holding companies).
 - b. Tennessee-chartered state banks (except holding companies).
 - c. Federal savings and loan associations and/or savings and loans in Tennessee (except holding companies).
 - d. Insurance companies licensed to do business in Tennessee (except holding companies).
 - e. Mutual funds and investment trusts to the extent the fund or trust invests in U.S. bonds or Tennessee municipal bonds.
2. Dividends on insurance policies.
3. Interest from the following if the instrument matures in six months or less from the date of issuance:
 - a. Bonds, mortgages, deeds of trust, personal notes, promissory notes, commercial paper, or other written instrument, issued by any person, firm, corporation, joint-stock company, business, trust or partnership.
4. Interest from the following regardless of the date of maturity:
 - a. Bonds of the state of Tennessee and its counties and municipalities.
 - b. Bonds of the U.S. Government and its agencies. (FNMA, GNMA or FHLMC are not agencies of the U.S. Government so interest they pay to their investors is taxable.)
 - c. Certificates of deposit issued by any bank, savings and loan association or credit union.
 - d. Repurchase agreements or similar evidences of indebtedness. A repurchase agreement is an investment instrument whereby a person buys a security and the seller (usually a broker) agrees to repurchase the security on a certain date for a certain price.
5. Interest from insurance policies if interest is payable on demand.
6. Interest from savings accounts, checking accounts or money market accounts in any bank, savings and loan association or credit union (except money market funds).
7. Interest or dividends from credit unions.
8. Income described by a partnership or S corporation as portfolio or pass-through interest or dividends, unless actually paid to a partner with a certificate of transferable interest, or to a shareholder.
9. Earnings or distributions from education and Roth IRAs that are not subject to federal income tax.
10. Distributions of income or earnings from federally recognized retirement accounts, including IRAs.
11. Capital gains from the sale of real estate, stock, etc. (Capital gain distributions from mutual funds are taxable.)
12. Distributions paid on or after July 1, 2006, to shareholders of publicly-traded real estate investment trusts (REITs). Distributions paid prior to this date are taxable.
13. Earnings or distributions received on or after July 1, 2006, from health savings accounts (HSAs). Earnings received prior to this date are taxable to the extent they are derived from sources taxable for Tennessee income tax purposes.

Rate of Taxation: All taxable dividends and interest which exceed the \$1,250 single exemption or the \$2,500 joint exemption are taxable at the rate of 6%.

Penalty on Delinquent Tax: Penalty on delinquent tax will accrue at the rate of five percent (5%) per month or portion of a month, for a maximum penalty of twenty-five percent (25%) of the delinquent tax or a minimum penalty of \$15.

Interest on Deficient or Delinquent Tax: Interest on deficient or delinquent tax will accrue at the annual interest rate, determined by the Commissioner of Revenue, which is in effect when the deficient or delinquent tax is paid, without regard to the taxable period involved. The interest rate is determined on July 1 of each year.

Tax payment: Make checks or postal money orders payable to Tennessee Department of Revenue. Tax may be paid in cash at the Nashville office or the regional offices (Chattanooga, Jackson, Johnson City, Knoxville, and Memphis). **Refund:** If a refund of \$200 or more is requested on Line 9, a Report of Debts form must be completed and filed with the return.

Distribution of Income Taxes Collected: Three-eighths (3/8) of the income taxes collected are distributed among the cities and counties of the state. In order for the taxes to be properly distributed, please provide the name of the county and city (if the taxpayer resides within an incorporated municipality) of the taxpayer's legal residence in the appropriate space on the front of the return.

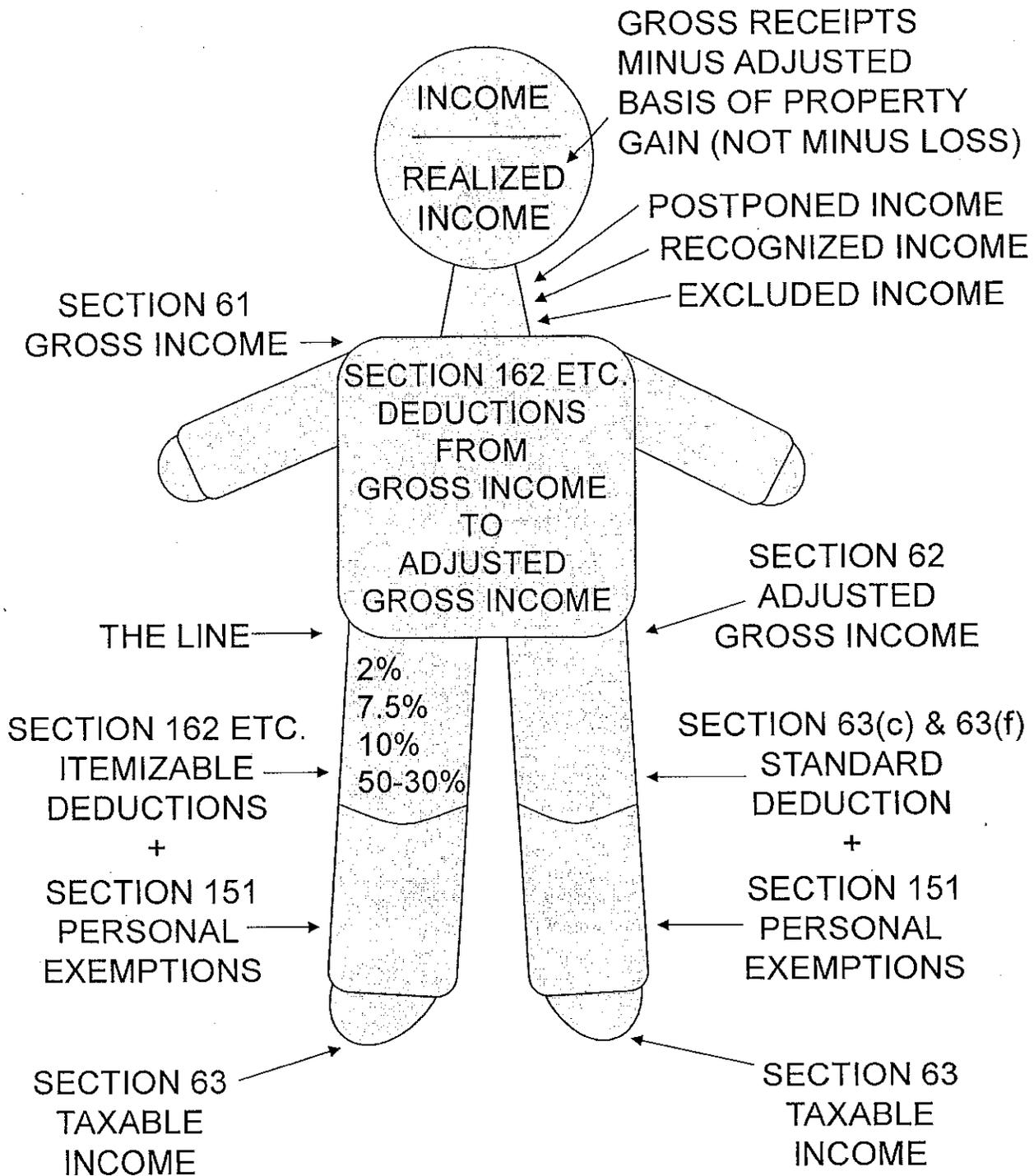
When and where to file: A taxpayer filing on a calendar year basis must file a return by April 15 of the following year. A taxpayer's tax year means the calendar year unless a fiscal year is elected by the taxpayer when the first fiscal year return is due to be filed. For a taxpayer on a fiscal year filing, the return is due by the 15th day of the fourth month following the end of the fiscal year.

Request for an extension of time to file must be made on or before the due date of return.

Mail returns or extension requests to: Tennessee Department of Revenue, Andrew Jackson State Office Building, 500 Deaderick Street, Nashville, TN 37242. For additional information, please call our statewide toll free number at (800) 342-1003. Out-of-state callers must dial (615) 253-0600.

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana Tax
Competitiveness and Simplification Conference
June 24, 2014



Picasso

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana Tax
Competitiveness and Simplification Conference
June 24, 2014

SOME OF THE IRC SECTIONS WHICH POSTPONE RECOGNITION OF GAIN OR LOSS IN COMPUTING GROSS INCOME FOR BOTH FEDERAL AND INDIANA PURPOSES			
ROW	TYPE OF POSTPONEMENT	POSTPONING SECTION	BASIS SECTION
1.	Gifts	102 *	1015 *
2.	Property on which lessee has made improvements	109 **	1019 **
3.	Losses, expenses, and interest with respect to transactions between related taxpayers	267	267
4.	Gain or loss recognized on property distributed in complete liquidation	336	334
5.	Transfer of prop to corporation for stock - result to shareholder	351	358, 357
6.	Transfer of prop to corporation for stock - result to corp	1032	362
7.	Stock dividend	305	307
8.	Stock splits		
9.	Corporate reorganizations	368 etc.	362
10.	Exchange of certain like-kind property	1031	1031
11.	Involuntary conversions	1033	1033
12.	Some exchanges of life insurance policies	1035	1031
13.	Exchanges of stock for same type of stock in same corporation	1036	1031
14.	Exchanges of some US obligations for other US obligations	1037	1031
15.	Reacquisitions of real property	1038	1038
16.	Transfer of certain farm etc. real property	1040	1040
17.	Transfer of property between spouses or incident to divorce	1041	1041, 1015
18.	Sales of stock to employee stock ownership plans or corporations	1042	1042
19.	Sale of property to comply with conflict-of-interest requirements	1043	1043
20.	Rollover of publicly traded securities gain into specialized small business investment companies	1044	1044
21.	Rollover of gain from qualified small business stock to another qualified small business stock	1045	1045

Professor Jegen's Research And Comments For Governor Mike Pence's Indiana Tax Competitiveness
and Simplification Conference, June 24, 2014

22.	Loss from wash sales of stock or securities	1091	1091
23.	And So On		

*

I. Section 102 and section 1015.

A. Section 102 is nestled in with almost all of the income tax exclusion sections in the IRC. However, section 102 is, at least in part, a postponing section.

1. That is, the first sentence of section 102(a) makes the section appear to be an exclusion section and, in fact, this section is listed with most of the exclusion sections in the IRC.
2. Further, section 102 states the same result for both gifts and death transfers. However, 1015 postpones the recognition of gain for gifts but section 1014 does not do that for death transfers.
3. Further, it is clear that section 102 does not require the inclusion of the value of the gifted property into the donor's gross income and it is equally clear that section 102 does not require the value of the gifted property to be included in the donee's gross income, at least, not at the time of the gift.
 - a. As an aside point, if the donee would have had gross income due to the receipt of the gifted stock, then the character of the gross income would have been ordinary, because the gift transfer was not the sale or exchange of a capital asset, unless the IRC provided that the character of the gain would be capital gain (as section 166(d) does for personal bad debts)..
4. Read section 1015. This section states that, as a general rule, the basis of property, which is given as a gift, is the same as the adjusted basis of the property to the donor.
 - a. Therefore, if John gives Peter some common stock, which stock has an adjusted basis to John of \$10,000 and which has a value of \$15,000 - - -
 - (1) John does not realize any gain, because John did not receive anything back for the transfer of the stock to Peter.
 - (2) Peter's adjusted basis for the property is \$10,000.
 - (3) If Peter sells the stock (e.g., at once) for its fair market value of \$15,000, then Peter has gain of \$5,000 (15,000 - 10,000)..
 - (4) The stock undoubtedly would be a capital asset to Peter, and therefore, when Peter sold the stock, Peter's gain would be capital gain, because the \$5,000 would come from the sale or exchange of a capital asset.
 - (5) The gain is income taxed to Peter and not to John, because the assignment of income doctrine does not apply, because the appreciation was not fixed in amount when John transferred the stock to Peter.
 - b. If section 102 had truly been an exclusion section, then Peter would have a basis for the gift which was equal to the value of the property given to Peter (specifically, \$15,000), and then, when Peter sold the stock for \$15,000, Peter would not have any gain. If section 102 were an exclusion section and if Peter sold the stock for \$16,000, then Peter would have a gain of \$1,000 (and not \$6,000).
 - c. An exclusion section will not cause the recipient to be income taxed now on the excluded income and the excluded income will not be income taxed later to the recipient. If gain is excluded, then that gain is not going to be income taxed now nor later.
5. Therefore, with respect to gifts, section 102 is a postponing section which is masquerading as an exclusion section.

B. As to the application of section 102 with respect to death transfers, section 102 appears to apply

section 102 as an exclusionary section and section 1014, which deals with the basis of property (which is received as a death transfer) states that the basis of property which is received at the death of an individual is the fair market value of the property at the individual's death or at the alternate valuation date.

1. Thus, in many, if not most, property of a decedent which has appreciated in value prior to the decedent's death will have a basis of the property to the recipient, which basis eliminates the appreciation of the property by having a new basis assigned to the property, which new basis is the value of the property at the death of the decedent or at the alternate valuation date.

**

II. Now, consider section 109 and section 101.

A. Section 109 looks like an exclusionary section

B. Assume that all of the conditions of section 109 are met and that the value of the building left on the land is \$50,000 and assume that section 1019 exists. In such a case, section 1019 states that the recipient of the building has a zero basis for the building.

- a. Because this is the case, then, when the recipient sells the building for, e.g., \$50,000, the recipient of the building would owe tax on such \$50,000.
- b. However, if the section 109 were really an exclusion section, then the basis of the building to the recipient should be \$50,000 and when the recipient sold the building for \$50,000, the recipient would have no gain and section 109 would truly be an exclusionary section.

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana Tax
Competitiveness and Simplification Conference
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SOME OF THE IRC SECTIONS WHICH EXCLUDE GAIN OR LOSS IN COMPUTING GROSS INCOME FOR BOTH FEDERAL AND INDIANA PURPOSES			
ROW	TYPE OF EXCLUSION	EXCLUSION SECTION	BASIS SECTION
1.	Certain death benefits	101	FMV
2.	Gifts - these are not really exclusions. They are postponements. Inheritances - these are excluded from gross income. *	102 *	1015 *
3.	Interest on State and local bonds	103	FMV
4.	Compensation for injuries or sickness	104	FMV
5.	Amounts received under accident and health plans	105	FMV
6.	Contributions by employer to accident and health plans	106	FMV
7.	Rental value of parsonages	107	FMV
8.	Income from discharge of indebtedness	108	FMV
9.	Improvements by lessee on lessor's property **	109 **	1019 **
10.	Recovery of tax benefit items	111	FMV
11.	Certain combat zone compensation of members of the Armed Forces	112	FMV
12.	Income of States, municipalities, etc.	115	FMV
13.	Qualified scholarships	117	FMV
14.	Contributions to the capital of a corporation	118	FMV
15.	Meals or lodging furnished for the convenience of the employer	119	FMV
16.	Amounts received under qualified group legal services plans	120	FMV
17.	Exclusion of gain from sale of principal residence	121	FMV
18.	Amounts received under insurance contracts for certain living expenses	123	FMV
19.	Cafeteria plans	125	FMV
20.	Educational assistance programs	127	FMV
21.	Dependent care assistance programs	129	FMV
22.	Certain personal injury liability assignments	130	FMV

Professor Jegen's Research And Comments For Governor Mike Pence's Indiana Tax Competitiveness and Simplification Conference, June 24, 2014

23.	Certain foster care payments	131	FMA
24.	And So On		

*

I. Section 102 and section 1015.

- A. Section 102 is nestled in with almost all of the income tax exclusion sections in the IRC. However, section 102 is, at least in part, a postponing section.
1. That is, the first sentence of section 102(a) makes the section appear to be an exclusion section and, in fact, this section is listed with most of the exclusion sections in the IRC.
 2. Further, section 102 states the same result for both gifts and death transfers. However, 1015 postpones the recognition of gain for gifts but section 1014 does not do that for death transfers.
 3. Further, it is clear that section 102 does not require the inclusion of the value of the gifted property into the donor's gross income and it is equally clear that section 102 does not require the value of the gifted property to be included in the donee's gross income, at least, not at the time of the gift.
 - a. As an aside point, if the donee would have had gross income due to the receipt of the gifted stock, then the character of the gross income would have been ordinary, because the gift transfer was not the sale or exchange of a capital asset, unless the IRC provided that the character of the gain would be capital gain (as section 166(d) does for personal bad debts)..
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 - c. An exclusion section will not cause the recipient to be income taxed now on the excluded income and the excluded income will not be income taxed later to the recipient. If gain is excluded, then that gain is not going to be income taxed now nor later.
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- B. As to the application of section 102 with respect to death transfers, section 102 appears to apply

section 102 as an exclusionary section and section 1014, which deals with the basis of property (which is received as a death transfer) states that the basis of property which is received at the death of an individual is the fair market value of the property at the individual's death or at the alternate valuation date.

1. Thus, in many, if not most, property of a decedent which has appreciated in value prior to the decedent's death will have a basis of the property to the recipient, which basis eliminates the appreciation of the property by having a new basis assigned to the property, which new basis is the value of the property at the death of the decedent or at the alternate valuation date.

**

II. Now, consider section 109 and section 101.

A. Section 109 looks like an exclusionary section

B. Assume that all of the conditions of section 109 are met and that the value of the building left on the land is \$50,000 and assume that section 1019 exists. In such a case, section 1019 states that the recipient of the building has a zero basis for the building.

- a. Because this is the case, then, when the recipient sells the building for, e.g., \$50,000, the recipient of the building would owe tax on such \$50,000.
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PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana Tax
Competitiveness And Simplification Conference
June 24, 2014

FOUR PROVISIONS IN THE INDIANA CONSTITUTION WHICH ARE DIRECTLY APPLICABLE TO INDIANA STATE AND LOCAL TAXATION		
ROW	ARTICLE.& SECTION	PROVISION
1.	Article 1, Section 1	Courts Open; Remedy By Due Course Of Law; Administration of Justice. All courts shall be open; and every person, for injury done to him in his person, property, or reputation, shall have remedy by due course of law. Justice shall be administered freely, and without purchase; completely, and without denial; speedily, and without delay.
2.	Article 7, Section 1	Judicial Power. The judicial power of the State shall be vested in one Supreme Court, one Court of Appeals, Circuit Courts, and such other courts as the General Assembly may establish.
3.	Article 10, Section 1	Property Assessment And Taxation. (a) The General Assembly shall provide, by law, for a uniform and equal rate of property assessment and taxation and shall prescribe regulations to secure a just valuation for taxation of all property, both real and personal. The General Assembly may exempt from property taxation any property in any of the following classes: (1) Property being used for municipal, educational, literary, scientific, religious or charitable purposes; (2) Tangible personal property other than property being held for sale in the ordinary course of a trade or business, property being held, used or consumed in connection with the production of income, or property being held as an investment; (3) Intangible personal property. (b) The General Assembly may exempt any motor vehicles, mobile homes, airplanes, boats, trailers or similar property, provided that an excise tax in lieu of the property tax is substituted therefor.
4.	Article 10, Section 8	Income Tax; Levy And Collection Authorized. The general assembly may levy and collect a tax upon income, from whatever source derived, at such rates, in such manner, and with such exemptions as may be prescribed by law.



2013

**Indiana Full-Year Resident
Individual Income Tax Return**

Due April 15, 2014

If filing for a fiscal year, enter the dates (see instructions) (MM/DD/YYYY):

from to:

Your Social Security Number

Spouse's Social Security Number

Place "X" in box if applying for ITIN

Place "X" in box if applying for ITIN

Your first name Initial Last name Suffix

If filing a joint return, spouse's first name Initial Last name Suffix

Present address (number and street or rural route)

Place "X" in box if you are married filing separately.

City State Zip/Postal code

Foreign country 2-character code (see pg. 6)

School corporation number (see pages 55 and 56)

Enter below the 2-digit county code numbers (found on the back of Schedule CT-40) for the county where you lived and worked on January 1, 2013.

County where you lived County where you worked

County where spouse lived County where spouse worked

Round all entries

1. Enter your federal adjusted gross income (AGI) from your federal tax return (from Form 1040, line 37; Form 1040A, line 21; or from Form 1040EZ, line 4) _____ Federal AGI .00
2. Enter amount from Schedule 1, line 8, and enclose Schedule 1 _____ Indiana Add-Backs .00
3. Add line 1 and line 2 _____ .00
4. Enter amount from Schedule 2, line 12, and enclose Schedule 2 _____ Indiana Deductions .00
5. Subtract line 4 from line 3 _____ Indiana Adjusted Income .00
6. You must complete Schedule 3. Enter amount from Schedule 3, line 5, and enclose Schedule 3 _____ Indiana Exemptions .00
7. Subtract line 6 from line 5 _____ State Taxable Income .00
8. State adjusted gross income tax: multiply line 7 by 3.4% (.034) (if answer is less than zero, leave blank) _____ .00
9. County tax. Enter county tax due from Schedule CT-40 (if answer is less than zero, leave blank) _____ .00
10. Other taxes. Enter amount from Schedule 4, line 4 (enclose sch.) _____ .00
11. Add lines 8, 9 and 10. Enter total here and on line 15 on the back _____ Indiana Taxes .00



Name(s) shown on Form IT-40

Your Social Security Number

Round all entries

1. Tax add back: certain taxes deducted from federal Schedules C, C-EZ, E and/or F _____	1	<input type="text"/>	.00
2. Net operating loss carryforward from federal Form 1040, "Other income" line _____	2	<input type="text"/>	.00
3. Income taxed on federal Form 4972 (lump sum distribution) _____	3	<input type="text"/>	.00
4. Domestic production activities add-back _____	4	<input type="text"/>	.00
5. Bonus depreciation add-back _____	5	<input type="text"/>	.00
6. Section 179 expense excess add-back _____	6	<input type="text"/>	.00
7. Other Add-Backs: See instructions beginning on page 13.			
a. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7a <input type="text"/>	.00
b. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7b <input type="text"/>	.00
c. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7c <input type="text"/>	.00
d. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7d <input type="text"/>	.00
e. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7e <input type="text"/>	.00
f. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7f <input type="text"/>	.00
g. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7g <input type="text"/>	.00
h. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7h <input type="text"/>	.00
i. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7i <input type="text"/>	.00
j. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7j <input type="text"/>	.00
k. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7k <input type="text"/>	.00
l. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7l <input type="text"/>	.00
m. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7m <input type="text"/>	.00
n. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7n <input type="text"/>	.00
o. Enter add-back name <input type="text"/>	code no. <input type="text"/>	7o <input type="text"/>	.00
8. Add lines 1 through 7. Enter total here and on Form IT-40, line 2	Total Indiana Add-Backs	8 <input type="text"/>	.00



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. Non-Indiana locality earnings deduction: \$2,000 maximum per qualifying person

8 .00

9. Insulation deduction: \$1,000 maximum

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 code no.

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



Name(s) shown on Form IT-40

Your Social Security Number

Round all entries

1. Number of exemptions claimed on your federal return x \$1,000 1 .00
 • If you did not claim an exemption on your federal return, enter "1" in the box above.
 • See instructions on page 26 if you did not file a federal return.

2. Claim an additional exemption for each dependent child
 • who is a son, stepson, daughter, stepdaughter and/or foster child,
 • who was under the age of 19 by Dec. 31, 2013, or a full-time student who was under the age of 24 by Dec. 31, 2013, and
 • who you are eligible to claim as a dependent on your federal tax return.

Enter number you are eligible to claim x \$1500: you MUST enclose Schedule IN-DEP 2 .00

3. Place "X" in box(es) below if, by December 31, 2013

You were age 65 or older and/or blind

Spouse was 65 or older and/or blind

Total number of boxes with Xs x \$1000 3 .00

4. If age 65 or older, enter amount from Form IT-40, line 1 \$
 If this amount is less than \$40,000, place "X" in box(es) below if:

You were age 65 or older

Spouse was 65 or older

Total number of boxes with Xs x \$500 4 .00

5. Add lines 1, 2, 3 and 4. Enter here and on Form IT-40, line 6. **Total Exemptions** 5 .00

Schedule 4: Other Taxes

(Instructions begin on page 27)

1. Use tax on out-of-state purchases from line 4 of Sales/Use Tax Worksheet 1 .00

2. Household employment taxes. Enclose Schedule IN-H 2 .00

3. Recapture of Indiana's CollegeChoice 529 credit. Enclose Schedule IN-529R 3 .00

4. Add lines 1 through 3. Enter here and on Form IT-40, line 10. **Total Other Taxes** 4 .00



Name(s) shown on Form IT-40

Your Social Security Number

Round all entries

- | | | | |
|--|---|----------------------|-----|
| 1. Indiana state tax withheld: enclose W-2s, 1099s showing state tax withholding amounts _____ | 1 | <input type="text"/> | .00 |
| 2. Indiana county tax withheld: enclose W-2s, 1099s showing county tax withholding amounts _____ | 2 | <input type="text"/> | .00 |
| 3. Estimated tax paid for 2013: include any extension payment made with Form IT-9 _____ | 3 | <input type="text"/> | .00 |
| 4. Unified tax credit for the elderly _____ | 4 | <input type="text"/> | .00 |
| 5. Earned income credit: enclose Schedule IN-EIC and enter amount from line A-3 _____ | 5 | <input type="text"/> | .00 |
| 6. Lake County residential income tax credit _____ | 6 | <input type="text"/> | .00 |
| 7. Economic development for a growing economy credit. Enter amount from Schedule IN-EDGE, line 19 (enclose schedule) _____ | 7 | <input type="text"/> | .00 |
| 8. Economic development for a growing economy retention credit. Enter amount from Schedule IN-EDGE-R, line 19 (enclose schedule) _____ | 8 | <input type="text"/> | .00 |
| 9. Add lines 1 through 8. Enter total here and on Form IT-40, line 12 _____ Total Credits | 9 | <input type="text"/> | .00 |



Name(s) shown on Form IT-40

Your Social Security Number

Round all entries

1. Credit for local taxes paid outside Indiana _____ 1 .00

2. County credit for the elderly: attach federal Schedule R _____ 2 .00

3. Other Local Credits: See instructions (enclose additional sheets if necessary)

a. Enter credit name code no. 3a .00

b. Enter credit name code no. 3b .00

Important: Lines 1 through 3 cannot be greater than the county tax due on Form IT-40,
line 9 (see *Combined Limitation* instructions)

4. College credit: attach Schedule CC-40 _____ 4 .00

5. Credit for taxes paid to other states: enclose other state's return _____ 5 .00

6. Other Credits: See instructions (enclose additional sheets if necessary)

a. Enter credit name code no. 6a .00

b. Enter credit name code no. 6b .00

c. Enter credit name code no. 6c .00

d. Enter credit name code no. 6d .00

Important: Lines 4 through 6 added together cannot be greater than the state adjusted gross
income tax due on Form IT-40, line 8 (see *Combined Limitation* instructions)

7. Add lines 1 through 6. Enter total here and on line 13 of Form IT-40 **Total Offset Credits** 7 .00



Name(s) shown on Form IT-40

Your Social Security Number

[Name field] [SSN field]

1. Federal filing information

Are you filing a federal income tax return for 2013? Place "X" in appropriate box. Yes No

2. Out-of-state income Complete if you and/or your spouse (if filing a joint return) received any salary, wage, tip and/or commission income from Illinois, Kentucky, Michigan, Ohio, Pennsylvania or Wisconsin. Enter two-digit code number from the back of Schedule CT-40 for state where you and/or your spouse worked.

State where you worked

Your income

State where spouse worked

Spouse's income

[State box]

\$ [Income box].00

[State box]

\$ [Income box].00

3. Extension of time to file

- a. Place "X" in box if you have filed a federal extension of time to file, Form 4868.
- b. Place "X" in box if you have filed an Indiana extension of time to file, Form IT-9, or online via ePay.

4. Farm / Fishing income

Place "X" in box if at least two-thirds of your gross income was made from farming or fishing.
Important: If you placed an "X" in the box, you MUST attach Schedule IT-2210.

5. Date of death

If any individual listed at the top of the IT-40 died during 2013, enter date of death (MM/DD) (see instructions on page 51).

Taxpayer's date of death [MM] [DD] 2013 Spouse's date of death [MM] [DD] 2013

Authorization Sign Form IT-40 after reading the following statement.

Under penalty of perjury, I have examined this return and all attachments and to the best of my knowledge and belief, it is true, complete and correct. I understand that if this is a joint return, any refund will be made payable to us jointly and each of us is liable for all taxes due under this return. Also, my request for direct deposit of my refund includes my authorization to the Indiana Department of Revenue to furnish my financial institution with my routing number, account number, account type and Social Security number to ensure my refund is properly deposited. I give permission to the Department to contact the Social Security Administration to confirm that the Social Security number(s) used on this return is correct.

6. Your daytime

telephone number [Field]

Your

email address [Field]

I authorize the Department to discuss my return with my personal representative (see page 52).
Yes No If yes, complete the information below.
Personal Representative's Name (please print) [Field]
Telephone number [Field]
Address [Field]
City [Field]
State [Field] Zip Code [Field]

Paid Preparer: Firm's Name (or yours if self-employed) [Field]
 IN-OPT on file with paid preparer if not filing electronically
PTIN [Field]
Address [Field]
City [Field]
State [Field] Zip Code [Field]
Preparer's signature [Field]



PROFESSOR JEGEN'S RESEARCH AND COMMENTS

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June 24, 2014

INDIANA "ADD-BACKS" TO FEDERAL ADJUSTED GROSS INCOME TO ARRIVE AT INDIANA ADJUSTED INCOME	
ROW	INDIANA ADD-BACKS
1.	Certain taxes which were deducted for federal income tax purposes
2.	Net operating loss
3.	Lump sum distribution
4.	Domestic production activities
5.	Bonus depreciation
6.	Section 179 expense
7.	Certain trade or business deductions based on employment of unauthorized alien
8.	Deferral of business indebtedness discharge and reacquisition
9.	Discharge of debt of a principal residence
10.	IRA charitable distribution - this add back is no longer required
11.	Motorsports entertainment complex - this add back is no longer required
12.	Oil and gas well depletion deduction - this add back is no longer required
13.	OOS municipal obligation interest
14.	Other (current year conformity)
15.	Qualified advance mining safety equipment - this add back is no longer required
16.	Qualified disaster assistance property
17.	Qualified electric utility amortization - this add back is no longer required
18.	Qualified environmental remediation costs - this add back is no longer required
19.	Qualified film or television production
20.	Qualified leasehold improvement property - this add back is no longer required
21.	Qualified preferred stock
22.	Qualified refinery property
23.	Qualified restaurant improvement property - this add back is no longer required

24.	Qualified retail improvement property - this add back is no longer required
25.	Qualified transportation fringe expenses - this add back is no longer required
26.	RIC dividends to nonresident aliens - this add back is no longer required
27.	Start-up expenditures - this add back is no longer required
28.	Tuition and fees - this add back is no longer required

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

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June 24, 2014

INDIANA DEDUCTIONS (SUBTRACTIONS) FROM FEDERAL ADJUSTED GROSS INCOME TO ARRIVE AT INDIANA ADJUSTED INCOME	
ROW	INDIANA DEDUCTIONS FROM FEDERAL ADJUSTED GROSS INCOME
1.	Renter's deduction
2.	Homeowner's residential property tax deduction
3.	Indiana tax refund reported on federal return
4.	Interest on U.S. government obligations
5.	Taxable social security benefits
6.	Taxable railroad retirement benefits
7.	Military service deduction
8.	Non-Indiana locality earnings deduction
9.	Insulation deduction
10.	Nontaxable portion of unemployment compensation
11.	Airport development zone employee deduction
12.	Civil service annuity deduction
13.	Disability retirement deduction
14.	Enterprise zone employee deduction
15.	Human services deduction
16.	Indiana lottery winnings deduction
17.	Indiana net operating loss deduction
18.	Indiana partnership long term care policy premium deduction
19.	Law enforcement reward deduction
20.	Medical saving account deduction
21.	National Guard and reserve component members deduction
22.	Private school/home school deduction
23.	Qualified patent income exemption deduction

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana Tax
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INDIANA EXEMPTIONS FROM INDIANA ADJUSTED INCOME TO ARRIVE AT INDIANA STATE TAXABLE INCOME	
ROW	INDIANA EXEMPTIONS
1.	For taxpayer
2.	For the taxpayer's spouse
3.	For each dependent child
4.	Another exemption for the taxpayer if the taxpayer is over age 65
5.	Another exemption for the taxpayer if the taxpayer is blind
6.	Another exemption for the taxpayer's spouse if the taxpayer's spouse is over age 65
7.	Another exemption for the taxpayer's spouse if the taxpayer's spouse is blind

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

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SOME REASONS FOR ACTION OR NON-ACTION WITH RESPECT TO THE CURRENT INCOME TAX LAW	
ROW	SOME REASONS FOR AMENDING OR REPEALING CURRENT INDIANA INCOME TAX LAW
1.	To raise more tax revenues for various needed or desirable activities
2.	To raise less tax revenues in order to encourage businesses and individuals to come to Indiana
3.	To correct errors in current tax law
4.	To make current tax law fairer to all or some segments of individuals
5.	To make the current tax law simpler
6.	To encourage behavior of individuals, e.g., to exempt income taxation of income derived from certain business activities, e.g., as current law does for certain charitable organizations
7.	To discourage behavior of individuals, e.g., to deny income tax deductions for expenditures made in undesirable business activities such as the current law does for selling illegal drugs
8.	To improve the administration of and the cost of administering the current income tax law
9.	To get rid of the paranoia that the Indiana tax law is being controlled by Washington, D.C.
10.	
11.	SOME REASONS FOR KEEPING THE CURRENT INDIANA INCOME TAX LAW
12.	Look at the number of states which have an income tax which is tied to federal AGI - 34
13.	Look at the number of states which have an income tax, but are not tied to federal AGI - 10
14.	The IRS does all the work, down to federal AGI for individual taxpayers, including audits and penalties and interest and the furnishing of all adjustments to the separate states.
15.	The federal system provides, down to the federal AGI and down to taxable income, all of the necessary or helpful publications by the Treasury Department, the Internal Revenue Service, the Department of Justice, the Treasury Inspector General for Tax Administration, the Taxpayer Advocate Service, and certain other issuers and they have been doing that for most of the life of the income tax laws. Examples of such documents are as follows. : Federal Statues Federal Regulations IRS Revenue Rulings IRS Revenue Procedures

	<p>IRS Legal Memoranda IRS Technical Advice Memoranda IRS Private Letter Rulings IRS Policy Statements IRS Chief Counsel Advice Memoranda IRS Electronic Advices IRS Field Service Advices IRS Field Attorney Advices IRS Determination Letters IRS Notices IRS Facts Sheets IRS Announcements IRS Information Releases IRS News Releases IRS Small Business/Self-Employed IRS Frequently Asked Questions IRS Forms and Instructions TIGTA forms</p> <p>In addition, there are many services which provide opinions and summaries of the facts, issues, opinions, and decisions.</p> <p>In addition, there are thousands of articles written about the types and amounts of items which may be deducted in computing federal adjusted gross income.</p>
16.	However, not many income tax cases are reaching the level of the Indiana Tax Court.
17.	<p>TO MAKE THE INDIANA INCOME TAX LAWS SIMPLER DOES NOT MEAN THAT INDIANA SHOULD DECOUPLE ITSELF FROM THE FEDERAL AGI. JUST LOOK AT THE LAWS OF THE TEN STATES WHICH HAVE DONE THIS.</p> <p>TO MAKE THE INDIANA TAX LAWS LAW SIMPLER MEANS THAT INDIANA SHOULD FOCUS ON THE TWO TYPES OF INDIANA ADJUSTMENTS WHICH INDIANA MAKES TO THE AMOUNT OF THE FEDERAL ADJUSTED GROSS INCOME.</p> <p>SPECIFICALLY, INDIANA SHOULD FOCUS ON THE INDIANA ADD-BACKS TO THE FEDERAL ADJUSTED GROSS INCOME AMOUNT, KNOWING THAT TO ELIMINATE ANY INDIANA ADD-BACK WILL REDUCE INDIANA'S REVENUE FROM INCOME TAXATION TO THE EXTENT THAT ANY SUCH REVENUE IS GENERATED BY A PARTICULAR ADD-BACK.</p> <p>AND, INDIANA SHOULD FOCUS ON THE INDIANA SUBTRACTIONS TO THE FEDERAL ADJUSTED GROSS INCOME AMOUNT, KNOWING THAT TO ELIMINATE ANY INDIANA SUBTRACTION WILL INCREASE INDIANA'S REVENUE FROM INCOME TAXATION TO THE EXTENT THAT ANY SUCH REVENUE IS LOST BY A PARTICULAR SUBTRACTION.</p>

PROFESSOR JEGEN'S RESEARCH AND COMMENTS

Governor Mike Pence's Indiana
Tax Competitiveness and Simplification Conference
June 24, 2014

SOME REASONS FOR ACTION OR NON-ACTION WITH RESPECT TO THE CURRENT INCOME TAX LAW	
ROW	SOME REASONS FOR AMENDING OR REPEALING CURRENT INDIANA INCOME TAX LAW
1.	To raise more tax revenues for various needed or desirable activities
2.	To raise less tax revenues in order to encourage businesses and individuals to come to Indiana
3.	To correct errors in current tax law
4.	To make current tax law fairer to all or some segments of individuals
5.	To make the current tax law simpler
6.	To encourage behavior of individuals, e.g., to exempt income taxation of income derived from certain business activities, e.g., as current law does for certain charitable organizations
7.	To discourage behavior of individuals, e.g., to deny income tax deductions for expenditures made in undesirable business activities such as the current law does for selling illegal drugs
8.	To improve the administration of and the cost of administering the current income tax law
9.	To get rid of the paranoia that the Indiana tax law is being controlled by Washington, D.C.
10.	
11.	SOME REASONS FOR KEEPING THE CURRENT INDIANA INCOME TAX LAW
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