Enterprise Zone Tax Deduction Available to Qualifying ISU Employees

Some Indiana State University employees will again be eligible for an additional deduction when filing Indiana tax returns. Indiana tax code allows for an enterprise zone tax deduction for qualified employees who live and work in an enterprise zone designated by the State of Indiana. A section of Terre Haute surrounding the downtown area has been designated by the State of Indiana as an enterprise zone area and its boundaries include Indiana State University.

To qualify for the tax deduction you must meet specific criteria which includes having a principal place of residence in the enterprise zone where you are employed. The general street boundaries for the Terre Haute enterprise zone are Locust Street to the North, Hulman Street and a portion of Lockport Road to the South, the Wabash River to the West, and the CSX Railroad to the East. To view an enterprise zone street address directory and a Terre Haute enterprise zone map, please visit the enterprise zone page on the Payroll Office web site located at http://web.indstate.edu/payroll/enterprisezone.htm.

Employees who qualify for this deduction may be entitled to deduct from state adjusted gross income one-half (1/2) of the enterprise zone income earned or $7,500, whichever is less. The definition of a “qualified employee” as defined by Indiana Code I.C. 6-3-2-8 is available on the web at http://web.indstate.edu/payroll/enterprisezoneinfo.htm. You may wish to consult a tax professional for assistance in determining your qualification status and any circumstances that may affect your deduction amount.

If you determine that you qualify for the enterprise zone tax deduction, you must attach State Form IT-40QEC to your Indiana individual income tax return to support any claimed deduction of earned enterprise zone income. State Form IT-40QEC for Indiana State University employees will be processed through the Payroll Office. Employees who qualify for the deduction will need to complete an Enterprise Zone Deduction Certificate Request Form certifying residency in the enterprise zone during 2005. The Enterprise Zone Deduction Certificate Request Form may be completed on the Payroll Office web site at http://web.indstate.edu/payroll/enterprisezonerequest.htm or you may contact the Payroll Office at extension 3533 to request the form be sent to you.

After you have completed the Enterprise Zone Deduction Certificate Request Form, the Payroll Office will then complete State Form IT-40QEC by certifying your 2005 taxable earnings during the time you resided in the enterprise zone and send Form IT-40QEC to qualifying employees within a week following the W-2 mailing.

Additional information regarding the enterprise zone state tax deduction is available on the Payroll Office web site located at http://web.indstate.edu/payroll/enterprisezone.htm. If you have any additional questions, please contact the Payroll Office at extension 3533.