

WHAT'S NEW FOR 2001

TAX RATE REDUCED

For tax years beginning on and after January 1, 2001, the individual income tax rates have been reduced. The rates now range from 1.6% to 7.8%.

TELEFILE

TeleFile is not available for 2001 individual income tax returns.

FORM 40EZ CAN BE FILED ON-LINE

If you qualify to file Form 40EZ, you can file your Idaho return on the Internet at www2.state.id.us/tax/filing.htm free of charge.

CAPITAL GAIN DEDUCTION

The capital gain deduction has been increased from 60% to 80% for tax year 2001. The definition of qualified property has not changed.

INSURANCE PREMIUMS

For tax years beginning January 1, 2001, medical care insurance premiums are deductible, as long as the premiums have not already been deducted or excluded from income on an Idaho or federal return.

Fifty percent (50%) of the premiums paid for qualified long-term care insurance are deductible.

AMENDED RETURNS

Form 40X has been eliminated. To amend a return, fill out a new Form 40 or 43 and indicate the reason for amending the return. For tax years beginning prior to 2001, use the prior year's form.

EXPANDED CREDIT FOR QUALIFYING NEW EMPLOYEES

The credit for new employees has been expanded. To qualify, a business no longer must qualify as a revenue-producing enterprise. Any business can qualify. The maximum tax that may be offset has been increased from 45% to 50%.

CREDIT FOR IDAHO RESEARCH ACTIVITIES

A credit similar to the federal credit for increasing research activities has been enacted for tax years beginning on and after January 1, 2001. The credit is 5% of qualified research expenditures in Idaho. The credit has a 14-year carryover period.

CREDIT FOR INSTALLATION OF BROADBAND EQUIPMENT

For tax years beginning on and after January 1, 2001, a credit is allowed for the installation of broadband equipment in Idaho. The credit is 3% of qualified expenditures. The Idaho Public Utilities Commission will determine what equipment qualifies for the credit. The credit is limited to \$750,000 in any year and has a 14-year carryover period.


INCENTIVE INVESTMENT TAX CREDIT


A new investment tax credit is available to businesses that acquire assets and use them in counties with high unemployment rates or low personal income. The credit rate varies depending on the Idaho county in which the asset is located. The new credit is in addition to the existing investment tax credit. The credit has a 14-year carryover period and is limited to \$500,000 per year.



Did you know that for a reasonable fee you can file your tax return electronically through a tax preparer or directly from your home computer?

The benefits to you are:

- **FASTER REFUNDS.** Taxpayers who file on paper on April 15 usually wait 6-10 weeks for their refund. By using  the typical wait for refunds is 7-10 days.
- **COMPUTER PROGRAM DOES THE MATH.** Calculations are automatic and virtually error-proof.
- **DIRECT DEPOSITS.** Refunds can be deposited directly into your bank account in as few as 10 days.
- **FILE NOW, PAY LATER.** You can file your return early, but pay your balance due as late as April 15.
- **AVOID POST OFFICE LINES.** No more April 15 midnight postal runs.

Here's how to  from your home computer: Log onto www2.state.id.us/tax and click on "Electronic Filing."

TO  YOU MUST FILE YOUR FEDERAL AND IDAHO TAX RETURNS AT THE SAME TIME.

It's as easy as that!

WHICH FORM TO USE

You may use Form 40EZ if you:

- Are a full-year resident, and
- Are single or married filing jointly with no dependents, and
- Are under age 65, and
- Are not blind, and
- Have taxable income of less than \$50,000, and
- Have only wages, salaries, tips, unemployment compensation, taxable scholarships or fellowships, and
- Have taxable interest income of \$400 or less.

You must use Form 40 if you:

- Are a full-year resident, and
- Are not eligible to file Form 40EZ.

You must use Form 43 if you or your spouse are a:

- Nonresident, or
- Part-year resident, or
- Resident in the military stationed outside Idaho for part or all of the year. Others see page 2.

You must use Form 39R if you file a Form 40 and claim any additions or subtractions.

You must use Form 39NR if you file a Form 43 and claim any additions or subtractions.

GENERAL INFORMATION

INFORMATION AND FORMS

If you need information or assistance, call or visit an Idaho State Tax Commission office listed on the front of this booklet.

Forms are available at Tax Commission offices or may be obtained:

- On the Internet at www2.state.id.us/tax
- By calling (208) 334-7660 or (800) 972-7660
- By calling forms by Fax (888) 228-5770 or (208) 364-7389
- Most Idaho libraries have a copy of "Idaho Reproducible Forms" containing Idaho tax forms for individuals and businesses.

You may use photocopies of these tax forms. Your copy must be legible.

FILING REQUIREMENTS

Full-year Resident

If you are required to file a federal income tax return, you must file an Idaho return.

The filing requirements is based on gross income as shown on the following schedule. When using this schedule, do not include social security benefits as gross income unless you are married filing a separate return and lived with your spouse at any time during 2001.

<u>STATUS</u>	<u>GROSS INCOME</u>
MARRIED:	
• filing separate returns	\$ 2,900
• filing jointly, both spouses under 65	\$ 13,400
• filing jointly, one spouse 65 or older	\$ 14,300
• filing jointly, both spouses 65 or older	\$ 15,200
HEAD OF HOUSEHOLD:	
• under 65	\$ 9,550
• 65 or older	\$ 10,650
SINGLE:	
• under 65	\$ 7,450
• 65 or older	\$ 8,550
QUALIFYING WIDOW(ER) WITH DEPENDENT CHILD:	
• under 65	\$ 10,500
• 65 or older	\$ 11,400

DEPENDENT CLAIMED ON SOMEONE ELSE'S RETURN:

Single dependents. Were you either age 65 or older or blind?

- No. You must file a return if any of the following apply:
- Your unearned income was over \$750.
 - Your earned income was over \$4,550.
 - The total of your unearned and earned income was more than the larger of—
 - \$750, or
 - Your earned income (up to \$4,300) plus \$250.
- Yes. You must file a return if any of the following apply:
- Your earned income was over \$5,650 (\$6,750 if 65 or older and blind.)
 - Your unearned income was over \$1,850 (\$2,950 if 65 or older and blind.)
 - Your gross income was more than—

	PLUS	
<ul style="list-style-type: none"> • \$750, or • Your earned income (up to \$4,300) plus \$250. 	}	This amount: \$1,100 (\$2,200 if 65 or older and blind)

Married dependents. Were you either age 65 or older or blind?

- No. You must file a return if any of the following apply:
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
 - Your unearned income was over \$750.
 - Your earned income was over \$3,800.
 - The total of your unearned and earned income was more than the larger of—
 - \$750, or
 - Your earned income (up to \$3,550) plus \$250
- Yes. You must file a return if any of the following apply:
- Your earned income was over \$4,700 (\$5,600 if 65 or older and blind.)
 - Your unearned income was over \$1,650 (\$2,550 if 65 or older and blind.)
 - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
 - Your gross income was more than—

	PLUS	
<ul style="list-style-type: none"> • \$750, or • Your earned income (up to \$3,550) plus \$250. 	}	This amount: \$900 (\$1,800 if 65 or older and blind)

Part-year Resident

If you are a part-year resident, you are required to file an Idaho income tax return if your gross income from all sources while a resident and your gross income from Idaho sources while a nonresident total more than \$2,500.

GENERAL INFORMATION

Nonresident

If you are a nonresident, you are required to file an Idaho income tax return if your gross income from Idaho sources was more than \$2,500.

FILING FOR REFUND OF WITHHELD AMOUNT

If you are not required to file an Idaho return, no tax is due even if the calculation shows taxable income. If you are filing only to receive a refund of amounts withheld, you do not pay the \$10 permanent building fund tax or receive the grocery credit. Write "NRF" (Not Required to File) on the lines for "Tax from tables or rate schedule" and "Permanent building fund tax."

GROSS INCOME

Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax. Gross income is measured before subtracting allowable deductions. Gross income includes, but is not limited to:

- All income from wages, salaries, tips, interest and dividends that is not exempt from tax
- Self-employment income before expenses
- Farm income before expenses
- Rental income before expenses
- Shareholders and partners include their share of the gross income from the S corporation and partnership
- Unemployment compensation
- Certain scholarship and fellowship grants
- Gains derived from sales of property
- Pensions and annuities

Scholarships received by degree candidates that are used for tuition, fees, supplies, books, and equipment required for particular courses are not included in gross income.

FILING STATUS

Your Idaho filing status must be the same as the filing status used on your federal return. If you file a joint federal return, you must also file a joint Idaho return.

WHAT INCOME DOES IDAHO TAX

An Idaho resident is taxed on all income, including income from outside the state. A nonresident of Idaho is taxed only on income from Idaho sources. An Idaho part-year resident is taxed on all income received while living in Idaho plus any income received from Idaho sources when not living in Idaho.

RESIDENCY

Am I a resident, a nonresident, or a part-year resident?

The following definitions will help you decide.

- You are an Idaho resident, even though you live outside Idaho, if **all** of the following are true:
 - You think of Idaho as your permanent home.
 - Idaho is the center of your financial, social, and family life.
 - Idaho is the place you intend to come back to when you are away.
- You are also an Idaho resident if **all** of the following are true:
 - You maintained a home in Idaho the entire year.
 - You spent more than 270 days in Idaho during the tax year.
- You are a nonresident if your permanent home is outside of Idaho all year.
- You are a part-year resident if you moved into or out of Idaho during the tax year. You are still a full-year resident if:
 - You temporarily moved outside of Idaho, **or**
 - You moved back to Idaho after a temporary absence.

Special-case Idaho residents

You are considered a nonresident if **all** of the following are true:

- You are an Idaho resident who lived outside of Idaho for at least 445 days in a 15-month period.
- After satisfying the 15-month period, you spent less than 60 days in Idaho during the year.
- You did not have a personal residence in Idaho for yourself or your family during any part of 2001.
- You did not claim Idaho as your federal tax home.
- You were not employed on the staff of a U.S. senator or representative.
- You did not hold an elective or appointive office of the U.S. Government other than the armed forces or a career appointment in the U.S. Foreign Service.

MILITARY PERSONNEL

Idaho resident on active military duty outside of Idaho

You may file Form 43 and check the residency status box for Idaho resident on active military duty outside of Idaho if you meet the following requirements:

- You joined the armed forces while a resident of Idaho and Idaho is your military home of record.
- You were on full-time active duty stationed outside of Idaho for all or a portion of the year. Full-time active duty must be continuous and uninterrupted for at least 120 consecutive days.

Only the portion of your military wages received while stationed in Idaho is subject to Idaho tax.

Any nonmilitary income will be subject to Idaho taxation.

Idaho residents on active duty in Idaho

You are considered a nonresident if you meet **all** the following requirements:

- You joined the armed forces while a resident of Idaho and Idaho is your military home of record.
- You meet **all** the requirements for special-case Idaho residents listed above.

If you don't meet all the above requirements, file Form 40. All of your military wages are subject to Idaho tax.

Nonresidents stationed in Idaho.

If you were on full-time active duty and were stationed in Idaho for all or a portion of the year, Idaho doesn't tax your military income. Idaho does tax your Idaho source income. Nonresident members of the Idaho National Guard or reserves may exclude only active duty pay. If you have income taxed by Idaho, use Form 43. See instructions, page 10.

AMERICAN INDIANS

If you are an enrolled member of a federally recognized tribe and live on a reservation, all income received from reservation sources is exempt from Idaho taxation. If you have no other income, you are not required to file.

If you have other income in an amount that meets the federal filing requirement, you must file an Idaho return. For specific instructions, see Form 39R or Form 39NR.

ROUNDING AMOUNTS

The amounts on your return must be rounded to the whole dollar. An amount less than 50 cents is reduced to the whole dollar. Amounts of 50 cents or more are increased to the next whole dollar.

DECEDENT'S TAX RETURN

If a taxpayer dies before filing his return, the return must be filed by the taxpayer's spouse or personal representative. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property.

GENERAL INFORMATION

If your spouse died in 2001 and you did not remarry in 2001, you can file a joint return. You can also file a joint return if your spouse died in 2002 before filing a 2001 return. A joint return should show your spouse's 2001 income before death and your income for all of 2001. Write "FILING AS SURVIVING SPOUSE" on the line where the decedent would have signed the return. If someone else is the personal representative, he must also sign the return.

If a refund is due, attach federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer. Form 1310 is not required when a surviving spouse files a joint return with the decedent or a personal representative files for the decedent.

COMMUNITY PROPERTY

Because Idaho is a community property state, each resident spouse has a one-half interest in the earnings of the other resident spouse during the portion of the year they were married. If married for only a part of the year, the community income includes ONLY the income earned during the time the couple was married. When filing separate returns, the community income, withholding and deductions of both resident spouses must be divided equally between husband and wife.

Idaho law affects your federal return in the same manner. For more details, obtain federal Publication 555, Federal Tax Information on Community Property. If you were a resident of Idaho for only a portion of the year, Idaho law applies to that portion of the year you were a resident. Income is identified as community or separate income based on the laws of the state in which the recipient is a resident.

Community property laws do not apply when the spouses have lived apart for the entire year, no part of the income earned by one spouse has been transferred to the other spouse, and the spouses do not file a joint income tax return.

Income, withholding and deductions received or paid after divorce are separate property and must be reported on the return of the person to whom it applies.

If you divorced during 2001 or are filing separately from your spouse, attach a schedule showing how community property income and deductions were divided.

TAX YEAR AND ACCOUNTING PERIOD

The tax year and accounting method used on your Idaho return must match those used on your federal return.

NET OPERATING LOSS

A net operating loss is the excess of business deductions (computed with certain modifications) over total gross income in a particular tax year. Use Form 56, Idaho Individual Net Operating Loss Computation, to compute your loss.

The net operating loss generally must be carried back to the two preceding years. The carryback is limited to a maximum of \$100,000. Any remaining loss may be carried forward until used, but no longer than 20 years.

- You may elect to forego the two-year carryback provisions and carry the loss forward up to 20 years.
- This election must be made before the due date, including extensions, of the loss year return and may not be revoked.
- To make the election, attach a copy of the federal net operating loss election or attach a statement to the loss year tax return clearly indicating that you elect to forego the carryback. Include your name, address, social security number, and the amount of loss.

WHAT TO FILE

A complete copy of the federal income tax return must be attached to the Idaho income tax return if you are filing Form 40 or 43. If you filed a federal Telefile, you must attach a copy of your federal Telefile worksheet.

WHEN TO FILE

You must file your return and pay any income taxes due:

- On or before April 15, 2002, for the calendar year 2001, or
- On or before the 15th day of the fourth month following the close of the fiscal year, if you file on a fiscal year basis.

WHERE TO FILE

Mail the return and payment to:

IDAHO STATE TAX COMMISSION
PO BOX 56
BOISE ID 83756-0056

TAX PREPARER CONTACT BOX

This box applies only if you paid a tax preparer to complete your return. If you check the box, you are authorizing the Tax Commission to contact your preparer to resolve any questions related to your return.

This authorization is valid for up to 180 days from the date the Tax Commission receives the return. If you want the Tax Commission to contact you rather than your preparer, leave the box blank.

SIGNATURES

You must sign your return. Your spouse also must sign if you file a joint return. If your return is prepared by another person, he must enter his name, address, and identification number. If a taxpayer is deceased or cannot sign his return, an authorized person may sign the return indicating his status or relationship. Write "FILING AS SURVIVING SPOUSE" or "unable to sign" in the signature space. If a taxpayer signs with an "X", his mark must be witnessed.

SEIZED REFUNDS

If your child support payments are delinquent, the Department of Health and Welfare may seize all or part of your income tax refund. If you have debts owing the Department of Employment, all or part of your refund may be seized by that agency to pay your debt. If either of these agencies has seized your refund, you should be notified of this fact by the agency. Questions regarding seized refunds should be directed to the agency that seized your refund.

EXTENSION OF TIME FOR FILING

If you cannot file your return by the due date, Idaho allows you an automatic six-month extension of time to file. To avoid paying a penalty, the amount of tax withheld and other payments you have made must be at least 80% of your current year tax liability or 100% of the total tax reported on your income tax return for the preceding tax year. File Form 51 to pay this amount.

Even though an extension gives you additional time in which to file, the tax is due on the original due date of the return. When you file your income tax return, the extension period expires and any remaining tax due must be paid. You must pay interest on any tax due.

AMENDED RETURNS

The Form 40 or 43 can be used as an original return or an amended return for tax years beginning 2001. If you are filing the form as an amended return, check the box at the top of the form. Enter the applicable reason(s) for amending, as listed below. Complete the entire form using the corrected amounts.

1. Federal Audit
2. Capital Loss Carryback
3. Other - Attach an explanation.
4. Net Operating Loss Carryback - Attach a schedule showing the application of the loss.

If you are amending Form 40 for the 2001 year, complete another Form 40. Complete the Amended Return section, lines 53 through 55.

GENERAL INFORMATION

If you are amending Form 43 for the 2001 year, complete another Form 43. Complete the Amended Return section, lines 73 through 75.

If you are amending a Form 40 or 43 for a tax year prior to 2001, complete another Form 40 or 43 and write the words "Amended Return" at the top of the return.

AUDITED RETURNS

An audit is a review of a return to make sure it was prepared according to tax law. You will be contacted if your return is to be audited. The auditor will ask to see your records and compare them with your return. You may present your records yourself or have someone represent you or come with you. Any change to your return will be explained. Question anything you don't understand.

FEDERAL AUDIT

If your federal taxable income or tax credits change because of a federal audit, you must send written notice to the Tax Commission within 60 days of the final federal determination. You must include copies of all schedules supplied by the Internal Revenue Service. If you owe additional Idaho tax and do not send written notice within 60 days, a 5% negligence penalty will be imposed. Interest applies on any tax due. If the final federal determination results in an Idaho refund and the statute of limitations is closed, you have one year from the date of the determination to file for the refund.

KEEPING TAX RECORDS

You are required by law to keep records that will enable you to prepare a complete and accurate income tax return. Although the law does not require any special form of records, you must retain all receipts, canceled checks, and other evidence to prove amounts claimed as deductions. Keep all supporting records for income or deductions until the statute of limitations for the return expires. Usually this is three years from the due date or the date the return was filed. In property transactions, the basis of new or

replacement property may be determined by the basis of the old property. Keep these records as long as they are needed to determine the basis of the original or replacement property.

PAYMENTS

Make your check or money order payable to the Idaho State Tax Commission and attach it to your tax return. Write your social security number on your check, cashier's check or money order.

The Idaho State Tax Commission accepts Mastercard and Visa credit and debit cards for payment of taxes. You may make credit or debit card payments through our Web site at www2.state.id.us/tax or by calling (800) 972-7660 toll free. You may also make credit card payments in person at any Tax Commission office, or by using the voucher form included in this packet.

PENALTIES AND INTEREST

Penalties may be imposed on the tax due as follows:

- 0.5% per month or fraction of a month to a maximum of 25% for failure to pay the tax due (if return is filed)
- 2% per month or fraction of a month for failure to meet the extension criteria (the return must be filed and the taxes paid by the extended due date)
- 5% per month or fraction of a month to a maximum of 25% for failure to file the return timely
- 5% for negligence or disregard of rules
- 10% for substantial understatement of tax
- 50% for filing a false or fraudulent return

The minimum penalty is \$10.

Interest applies on delinquent tax from the original due date of the return until the tax is paid at the rate of 7% per year (rate effective 1-1-2002 to 12-31-2002).

FORM 40EZ

Instructions are on the back of the form.

You can file Form 40EZ if you meet all of the following requirements:

- (1) You are a full-year resident;
- (2) Your filing status is single or married filing jointly;
- (3) You do not claim any dependents;
- (4) You are under age 65 and not blind;
- (5) Your taxable income on line 8 is under \$50,000;
- (6) Your only taxable income is from wages, salaries, tips, unemployment compensation, and taxable fellowships and scholarships; and
- (7) Your taxable interest income is \$400 or less.

Do not use this form if you and your spouse are married filing separate returns.

You can file Form 40EZ on the Internet at www2.state.id.us/tax/filing.htm free of charge.

FORM 40

Instructions are for lines not fully explained on the form.
General information instructions beginning on page 1 also apply to this form.

HEADING

Use the peel-off mailing label on the back cover of this booklet. Make any corrections by crossing out the wrong information and printing the correct information on the label. Include your apartment number, if you have one. If you do not receive a label, write your name and address in the spaces provided.

Write your social security number in the spaces provided. If filing a joint return, write the social security numbers of both you and your spouse.

If you do not have a social security number, contact the Social Security Administration, Postal Service or the Internal Revenue Service to obtain an application, Form SS-5. You should file it with the local office of the Social Security Administration. Apply early enough to make sure you receive a number by April 15. If your return is due before you receive your number, file the return and write "Applied for" in the space for the number. The Tax Commission will contact you for the number.

Be sure that your return and Form(s) W-2 show the correct social security number. An error in your social security number will delay your refund.

NEXT YEAR'S FORMS

If someone else prepares your return and you need forms mailed to you next year, please check the box below your name and address.

AMENDED RETURN

This form can be used as an original return or an amended return. If you are filing this form as an amended return, check the box at the top of the form. Enter the applicable reason(s) for amending, as listed below. Complete the entire form using the corrected amounts.

1. Federal Audit
2. Capital Loss Carryback
3. Other - Attach an explanation.
4. Net Operating Loss Carryback - Attach a schedule showing the application of the loss.

LINES 1 THROUGH 5 FILING STATUS

Check the box indicating the same filing status shown on your federal return. Refer to federal instructions for further information on filing status.

LINE 6 EXEMPTIONS

Exemptions claimed on your Idaho return must match the exemptions claimed on your federal return.

Line 6a and 6b. Yourself and Spouse. CAUTION: If you can be claimed as a dependent on another person's tax return, such as a parent's return, do not check the box indicating yourself. Instead, check the box on line 14c.

If you cannot be claimed as a dependent on another person's return, you may claim one exemption for yourself. Check the box for "Yourself." If you are married filing a joint return, you can also claim an exemption for your spouse. Check the box for "Spouse." If your spouse died during 2001 and you are filing a joint return, you may claim the exemption for your spouse.

Line 6c. Other Dependents. Enter the number of other dependents claimed on your federal return.

Line 6d. Total Exemptions. Enter the total number of exemptions. Add lines 6a through 6c.

LINES 7-8 IDAHO ELECTION CAMPAIGN FUND

The Idaho Legislature established this fund to provide financing for qualified political parties. If you want \$1 of your income tax to go

to the Idaho Election Campaign Fund, check the box beside the party of your choice. If you are filing a joint return, your spouse may also designate \$1 to the same party or to a different party. If you check "No specific party," the amount will be divided among the parties by a formula prescribed by law. This will not increase your tax or decrease your refund.

If you are filing an amended return, you must check the same boxes as checked on the original return.

LINE 9 FEDERAL ADJUSTED GROSS INCOME

Enter the adjusted gross income reported on your federal return: Line 33, Form 1040; Line 19, Form 1040A; or Line 4, Form 1040EZ.

LINE 10 ADDITIONS FROM FORM 39R, PART A, LINE 6

Attach Form 39R.

LINE 12 SUBTRACTIONS FROM FORM 39R, PART B, LINE 20

Attach Form 39R.

TAX COMPUTATION

LINE 14a AGE 65 OR OLDER

If you are 65 or older, check the box for "Yourself." If you are filing a joint return and your spouse is 65 or older, check the box for "Spouse." Age is determined as of December 31. However, if your 65th birthday was on January 1, 2002, you may consider yourself 65 on December 31, 2001. The boxes you check must match your federal return.

LINE 14b BLIND

The box for "Yourself" must be checked if the taxpayer is blind. If you are filing a joint return and your spouse is blind, check the box for "Spouse." Blindness is determined as of December 31. The boxes checked must match your federal return.

LINE 14c CLAIMED DEPENDENT

If you can be claimed as a dependent on your parent's or someone else's tax return, check this box. You may itemize deductions or use the standard deduction. Complete the worksheet to determine your standard deduction.

LINES 15-18 ITEMIZED OR STANDARD DEDUCTIONS

Most people can find their standard deduction by looking at the instructions to the left of line 18, Form 40. However, if you check the box on line 14a or 14b, use the chart on page 6 to find your standard deduction. If you check the box on line 14c, use the worksheet on page 6 to figure your standard deduction. You may use either your federal itemized deductions or standard deduction, whichever benefits you more. (For exceptions, see YOU MUST ITEMIZE.)

Your itemized deductions are the same as you used on your federal Form 1040, but Idaho requires that all state or local income taxes be subtracted from your itemized amount before you use that figure to reduce your income. (This is all state or local income taxes on your Schedule A, not just Idaho's.) Because of this addback, it may be more beneficial to itemize for federal purposes, but use the standard deduction for Idaho. If line 17 is more than line 18, you should use your itemized deductions on line 17. If line 18 is more than line 17, you should use your standard deduction on line 18.

YOU MUST ITEMIZE if you are married, filing a separate return (filing status 3) and your spouse itemizes. You must itemize if you had dual status as a nonresident alien for part of 2001 and during the rest of the year you were a resident alien or a U.S. citizen. However, you do not have to itemize if you file a joint return with your spouse who was a U.S. citizen or resident at the end of 2001 and you and your spouse agree to be taxed on your combined worldwide income.

FORM 40

CLAIMED DEPENDENTS. If someone else can claim you as a dependent, complete the following worksheet.

STANDARD DEDUCTION WORKSHEET FOR DEPENDENTS

- 1a. Enter your federal earned income. Earned income includes wages, salaries, tips, other employee compensation, net earnings from self-employment, strike benefits and any disability pay you report as wages. If none, enter -0-
- b. Add 250
- c. Add lines 1a and 1b. Enter total here.
2. Minimum amount 750
3. Compare the amounts on lines 1c and 2. Enter the larger of the two amounts here.
4. Enter on line 4 the amount shown below for your filing status:
- Single, enter \$4,550.
 - Married filing a separate return, enter \$3,800.
 - Married filing a joint return, enter \$9,100.
 - Qualifying widow(er) with dependent child, enter \$7,600.
 - Head of household, enter \$6,650.
5. Standard deduction:
- a. Compare the amounts on lines 3 and 4. Enter the smaller of the two amounts here. If under 65 and not blind, stop here and enter this amount on line 18.
- b. If 65 or older or blind, multiply \$1,100 (\$900 if married filing a joint or separate return, or qualifying widow(er) with dependent child) by the number of boxes checked on lines 14a and b.
- c. Add lines 5a and 5b. Enter the total here and on line 18.

FEDERAL LIMITATIONS ON ITEMIZED DEDUCTIONS. Some of your itemized deductions may be phased out if your federal adjusted gross income is more than \$132,950 (\$66,475 if you are married filing separately). Since this figure is the same as the limit on your federal itemized deductions, use the amount computed on the federal Itemized Deductions Worksheet and reported on your federal return.

Since state income taxes are affected by the limitation, your state income tax addback (line 16) must be reduced if your itemized deductions are limited. Adjust your state income tax addback as follows:

1. State and local income tax reported on federal Schedule A
2. Itemized deductions affected by the limitation (line 3 of federal Itemized Deductions Worksheet)
3. Divide line 1 by line 2. Round to the nearest whole percent. %
4. Enter the amount from line 9 of the federal Itemized Deductions Worksheet.
5. Multiply line 3 by line 4.
6. Subtract line 5 from line 1. Enter this amount on line 16.

STANDARD DEDUCTION CHART FOR PEOPLE AGE 65 OR OLDER OR BLIND

If someone can claim you (or your spouse if married filing jointly) as a dependent, use the worksheet for dependents.

If your filing status is . . .	and the number of boxes checked on lines 14a & b is _____	then your standard deduction is . . .
Single	1	\$ 5,650
	2	6,750
Married Filing Jointly	1	\$10,000
	2	10,900
	3	11,800
	4	12,700
Married Filing Separately	1	\$ 4,700
	2	5,600
	3	6,500
	4	7,400
Head of Household	1	\$ 7,750
	2	8,850
Qualifying Widow(er)	1	\$ 8,500
	2	9,400

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LINE 20 EXEMPTIONS

Multiply \$2,900 by the total number of exemptions entered on line 6d. If your federal adjusted gross income on line 9 is more than the amount shown below for your filing status, use the amount allowed on your federal Form 1040, line 38.

- \$ 99,725 Married filing separate return
- \$199,450 Married filing joint return or qualifying widow(er)
- \$132,950 Single
- \$166,200 Head of household

LINE 22 TAX

Enter the tax on this line. Use the tax tables beginning on page 26, if line 21 is less than \$100,000. Use the schedule on page 26 if line 21 is \$100,000 or more. Be sure you use the correct column in the tax table or the correct schedule for your filing status. See the example at the beginning of the tax table.

If you do not meet the filing requirement (see page 1) and are filing only to receive a refund of withheld taxes, write "NRF" (Not Required to File) on this line.

CREDITS

LINE 24 INCOME TAX PAID TO OTHER STATES

When the same income is taxed by both Idaho and another state, you may be entitled to a credit for tax paid to the other state. Use Form 39R to compute the credit. You must attach a copy of the other state's income tax return and Form 39R. If credit applies to more than one state, use a separate Form 39R for each state. See instructions, page 20.

Examples of income that may be taxed by both Idaho and another state include:

- Wages earned in another state that has an income tax, such as Oregon or Utah, while living in Idaho.
- Income from a business or profession earned in another state that has an income tax, while a resident of Idaho.

LINE 25 CREDIT FOR CONTRIBUTIONS TO EDUCATIONAL ENTITIES

If you donated cash or goods to qualified educational entities, you may claim a tax credit. Your credit is limited to the smallest of:

- one-half of the amount donated,
- 20% of the tax on line 22, or
- \$50 (\$100 on a joint return)

A qualified educational entity includes:

- a nonprofit corporation, fund, foundation, research park, trust, or association organized and operated exclusively for the benefit of Idaho colleges and universities
- a nonprofit, private or public Idaho school (elementary, secondary or higher education) or its foundation
- Idaho education public broadcast system foundations
- the Idaho State Historical Society or its foundation
- an Idaho public library or its foundation
- an Idaho library district or its foundation
- an Idaho public or private nonprofit museum
- the Idaho State Library

LINE 26 INVESTMENT TAX CREDIT

If you acquired an asset for use in your business, you may have earned an investment tax credit. Report the earned credit computed on line 2, Part I, Form 49, and the allowed credit computed on line 9b or line 10, Part II, Form 49. Attach Form 49.

LINE 27 CREDIT FOR CONTRIBUTIONS TO YOUTH AND REHABILITATION FACILITIES

If you donated cash or goods to a qualified center for independent living, to a youth or rehabilitation facility or its foundation, or to a nonprofit substance abuse center licensed by the Idaho Depart-

ment of Health and Welfare, you may claim a tax credit. Your credit is limited to the smallest of:

- one-half of the amount donated,
- 20% of the tax on line 22, or
- \$100 (\$200 on a joint return)

The qualified youth or rehabilitation facilities and their foundations are:

- Anchor House
- The Arc, Inc., Boise
- The Children's Home Society of Idaho, Inc., Boise
- Dawn Enterprises, Inc., Blackfoot
- Gem Youth Services, Inc., Emmett
- Development Workshop, Inc., Idaho Falls
- High Reachers, Inc., Mountain Home
- Hope House, Inc., Nampa
- Idaho Elks Rehabilitation Hospital, Inc., Boise
- Idaho Youth Ranch
- Magic Valley Rehabilitation Services, Inc., Twin Falls
- New Day Products, Inc., Pocatello
- Northwest (North Idaho) Children's Home
- Opportunities Unlimited, Inc., Lewiston
- Panhandle Special Needs, Inc., Sandpoint
- Transitional Employment Services for the Handicapped, Coeur d'Alene
- Western Idaho Training Co., Inc., Caldwell
- Winchester Occupational Workshop, Winchester

The following are the qualified centers for independent living:

- Disability Action Center Northwest, Moscow and Coeur d'Alene
- Living Independence Network Corporation, Boise and Twin Falls
- Living Independently For Everyone, Blackfoot, Idaho Falls and Pocatello

LINE 28 CREDIT FOR PRODUCTION EQUIPMENT USING POST-CONSUMER WASTE

If you purchased equipment that manufactures a product from post-consumer or post-industrial waste, you may be entitled to a tax credit. The credit is 20% of your cost to purchase qualified equipment.

Qualified equipment is machinery or equipment in Idaho with a useful life of three years or more. In addition, 90% of the equipment's production must result in products utilizing post-consumer or post-industrial waste.

The credit claimed in a tax year is limited to the lesser of \$30,000 or your tax liability. You may carry forward the unused portion of the credit up to seven years.

Product is any manufactured material that is composed of at least 50% post-consumer or post-industrial waste and offered for sale. Product does not include shredded material unless it is incorporated directly into the manufacturing process.

Post-consumer waste or post-industrial waste includes only glass, paper, and plastic that have been, or would have been, disposed of as solid waste. It does not include radioactive or hazardous waste.

Attach a schedule showing your computations, listing the qualified equipment, identifying the post-consumer or post-industrial waste products, and identifying the newly manufactured products.

LINE 29 NATURAL RESOURCES CONSERVATION CREDIT

If you filed an Application for Natural Resources Conservation Income Tax Credit for Tax Year 2001, enter the amount approved on that application by the Natural Resources Conservation Income Tax Credit Committee. The maximum tax credit allowed cannot exceed \$2,000. You may not claim a credit if you did not file an application or if the credit you requested was not approved. To

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request an application for tax year 2002, contact the Idaho Soil Conservation Commission at (208) 332-8654.

LINE 30 PROMOTER-SPONSORED EVENT CREDIT

If you issued temporary sales tax permits to participants of a promoter-sponsored event on behalf of the Tax Commission, you may claim a \$1 credit for each temporary permit issued during the tax year. Promoter-sponsored events include swap meets, flea markets, gun shows, and fairs. You must have filed Form ST-124 with the Tax Commission to qualify for the credit.

LINE 31 CREDIT FOR QUALIFYING NEW EMPLOYEES

Idaho allows a credit for qualifying new employees of a business.

Report the earned credit computed on line 8, Part I, Form 55 and the allowed credit computed on line 29, Part II, Form 55. Attach Form 55.

LINE 32 CREDIT FOR IDAHO RESEARCH ACTIVITIES

If you incurred expenses for research conducted in Idaho, you may have earned the credit for Idaho research activities.

Report the earned credit computed on line 16, Form 67, and the allowed credit computed on line 29 or line 33, Form 67. Attach Form 67.

LINE 33 BROADBAND EQUIPMENT INVESTMENT CREDIT

If you acquired qualified broadband equipment to use in a business in Idaho, it may qualify for the broadband equipment investment credit. You may also claim the credit if you acquired the credit through a transfer.

Report the earned credit computed on line 2, Form 68, and the allowed credit computed on line 17 or line 21, Form 68. Attach Form 68.

LINE 34 INCENTIVE INVESTMENT TAX CREDIT

If you acquired assets that qualify for the investment tax credit, you may also have earned the incentive investment tax credit. The credit rate varies depending on the county in which the asset is primarily based. You may also claim this credit if you acquired the credit through a transfer.

Report the earned credit computed on line 22, Form 69, and the allowed credit computed on line 37 or line 41, Form 69. Attach Form 69.

LINE 35 ELECTRONICALLY FILED RETURN CREDIT

If you file this return electronically, Idaho allows you a \$2.00 nonrefundable credit. If you are filing this return by paper do not make an entry on this line.

OTHER TAXES

LINE 38 FUELS TAX DUE

If you buy gasoline, aircraft fuel, or special fuels (diesel, propane, natural gas) without paying the fuels tax and later use this fuel in licensed vehicles or aircraft, fuels tax is due. Add the amounts on lines 3 and 4, Section IV, Form 75, and enter the total. Attach Form 75.

LINE 39 SALES/USE TAX DUE

If you made purchases during the year without paying sales tax, you must report sales/use tax due on such purchases. Examples include magazine subscriptions, out-of-state catalog purchases, merchandise purchased over the Internet, book and record clubs, purchases in a state where no sales tax is charged, etc. Multiply the total amount of such purchases by 5% (.05).

LINE 40 RECAPTURE OF IDAHO INVESTMENT TAX CREDIT

If you have claimed an investment tax credit on property that ceases to qualify before the end of its estimated useful life, you must recompute the investment tax credit. The difference between

the original credit and the recomputed credit must be recaptured. Complete and attach Form 49R.

LINE 41 PERMANENT BUILDING FUND TAX

You are required to pay the \$10 permanent building fund tax if you are required to file an Idaho income tax return. See FILING REQUIREMENTS on page 1.

You are not required to pay the \$10 permanent building fund tax if:

- your gross income was less than the amount specified for your filing status. Draw a line through the \$10 and enter "NRF" (Not Required to File).
- you were receiving Idaho public assistance payments at the end of the tax year. Check the box on this line and draw a line through the \$10. Food stamps and WIC payments do not qualify as Idaho public assistance.
- you or your spouse were legally blind at the end of the tax year. Draw a line through the \$10.

DONATIONS

The donations on lines 43 and 44 are voluntary and will either reduce your refund or increase your tax due. Your choice to donate is irrevocable; you cannot get a refund later. These donations may be itemized as charitable contribution deductions on your 2002 income tax return. If you have any questions regarding how your donation(s) will be spent, you may contact the entities listed.

If you are filing an amended return, your donations cannot be less than the amounts on the original return.

LINE 43 NONGAME WILDLIFE CONSERVATION FUND



Contributions are used to ensure the conservation of nongame wildlife and their habitat in Idaho, to promote greater appreciation of wildlife, and to increase opportunities to view and enjoy "watchable" wildlife. Donations are used for a variety of projects including research on rare animals in an effort to better manage them so they don't become threatened or endangered, construction of nest boxes and platforms to provide more homes for wildlife, educational programs and community projects, development of wildlife viewing sites throughout the state, informational brochures, and a nongame wildlife leaflet series available to the public and used by teachers. Contact the Department of Fish and Game at (208) 334-2676.

LINE 44 CHILDREN'S TRUST FUND/CHILD ABUSE PREVENTION

Contributions are used to protect our state's most valuable resource - our children. The trust fund board, appointed by the governor, reviews applications each spring and awards grants of up to \$5,000 to community-based prevention programs. Funded programs include parent education, voluntary home visitation for first-time parents, public awareness of shaken baby syndrome, and prevention and safety education in schools. Contact the Department of Health and Welfare, Children's Trust Fund/Child Abuse Prevention at (208) 386-9317.

PAYMENTS AND OTHER CREDITS

LINE 46 GROCERY CREDIT

If you are required to file a return (see page 1), multiply the number of people listed on line 6d by \$20 and enter the result. The credit is not allowed for dependents who are not Idaho residents.

If you are not required to file a return and are filing only to receive a refund of amounts withheld, write "NRF" (Not Required to File) on this line.

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If you are not required to file a return and either you or your spouse is blind, a disabled veteran, or age 62 or older by December 31, 2001, you may claim a \$20 grocery credit refund for each qualifying person. If you are blind, check the box on page 1, line 14b, Form 40. A disabled veteran who has not claimed this credit before must enclose a photocopy of the document which establishes disability. If you are age 62 or older, write your date of birth in the margin on Form 40.

NOTE: If you qualify for the grocery credit and are not required to file a return, the credit may be claimed on Form 24. You may obtain a form from any office of the Idaho State Tax Commission. The refund claim is due on or before April 15, 2002. You may not claim the credit on both Form 40 and Form 24.

LINE 47 ADDITIONAL GROCERY CREDIT

If you are required to file a return, enter \$15 for each person who is age 65 or older as indicated on line 14a.

If your gross income is less than the amount that requires you to file a return (see page 1) and if either you or your spouse is 65 or older by December 31, 2001, you may claim the additional grocery credit refund on line 47 for each qualifying person.

NOTE: If you qualify for the grocery credit and do not file a return, the credit may be claimed on Form 24. You may obtain a form from any office of the Idaho State Tax Commission. The refund claim is due on or before April 15, 2002. You may not claim the credit on both Form 40 and Form 24.

LINE 48 MAINTAINING A HOME FOR A FAMILY MEMBER AGE 65 OR OLDER OR A FAMILY MEMBER WITH A DEVELOPMENTAL DISABILITY

If you maintained a household for an immediate family member(s) age 65 or older or with a developmental disability, and did not claim a deduction of \$1,000 per person on Form 39R, Part B, line 14, you may claim a tax credit of \$100 per person (up to \$300). Complete and attach Idaho Form 39R. See instructions, page 20. You may claim this credit even if your gross income is less than the filing requirement.

LINE 49 FUELS TAX REFUND

If you buy special fuels (diesel, propane, natural gas) with Idaho tax included and use this fuel for heating or in off-highway equipment, you may be entitled to a refund of the Idaho special fuels tax you paid. Enter the amount from line 2, Section IV, Form 75. Attach Form 75. Heating fuel is generally purchased without paying the tax.

If you buy gasoline and use it in unlicensed equipment or auxiliary engines, you may be entitled to a refund of the Idaho gasoline tax you paid. Enter the amount from line 1, Section IV, Form 75. Attach Form 75.

LINE 50 IDAHO INCOME TAX WITHHELD

Total the Idaho income tax withheld shown on withholding statements. Attach legible state copies of Form(s) W-2, 1099, and other information forms that show Idaho withholding. DO NOT claim credit for tax withheld for other states or federal tax withheld. DO NOT include Form(s) W-2 from other tax years or write on or change the amounts on your Form(s) W-2.

LINE 51 FORM 51 PAYMENT(S)

Enter the total of payments made with Form(s) 51. Include the amount of overpayment applied from your 2000 return.

AMENDED RETURN ONLY

Complete lines 53 through 55 only if you are filing this return as an amended return for 2001.

LINE 53 TAX PAID WITH OR AFTER FILING ORIGINAL RETURN

If this is an amended return, enter the amount paid with or after filing your original return for 2001.

LINE 54 OVERPAYMENT AS SHOWN ON ORIGINAL RETURN OR LATER ADJUSTED

If this is an amended return, enter the amount of refund shown or adjusted on your original return for 2001.

REFUND OR TOTAL DUE

LINE 57 PENALTY AND INTEREST

Penalty: If you file your return after the due date or fail to pay the required amount by the due date, a penalty may be due. To avoid paying any late filing or late payment penalty, you must:

- Pay by the original due date at least 80% of the tax due on the return or 100% of the total tax reported last year, and
- File the return and pay the tax due by the extended due date.

If you pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, but fail to file the return or pay the remaining tax by the extended due date the following penalties will apply:

- If the return is filed on or before the extended due date, a 0.5% per month late payment penalty will be computed on tax due from the extended due date to date of payment, or
- If the return is filed after the extended due date, a 5% per month late filing penalty will be computed on tax due from the extended due date to the date the return is filed.

If you do not pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date the following penalties will apply:

- If the return is filed by the original due date, a 0.5% per month late payment penalty will be computed on tax due from the original due date of the return to the date of payment.
- If the return is filed on or before the extended due date and the tax is paid on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the earlier of the date the tax is paid or date return is filed, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.
- If the return is filed on or before the extended due date but the tax is paid after the extended due date, a 5% per month late filing penalty will be computed on tax due from the due date of the return to the date the return is filed, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid.
- If both the return is filed and the tax is paid after the extended due date, a 5% per month late filing penalty will be computed on tax due from the original due date of the return to the earlier of the date the return is filed or the date tax is paid.

The minimum penalty is \$10. The maximum penalty is 25% of tax due.

Idaho Medical Savings Account: If you make an Idaho medical savings account withdrawal that is subject to tax and you are under age 59 1/2, the withdrawal is subject to penalty. The penalty is 10% of the amount withdrawn. Check the box and enter the amount here.

Interest: Interest is charged on the amount of tax due, line 56, from the original due date until paid. The rate for 2002 is 7%.

LINE 58 TOTAL DUE

Enter the amount of tax you owe. If your payment includes amounts for penalty and interest, include those amounts in the figure you enter on this line.

Send a check or money order payable to the Idaho State Tax Commission. Do not send cash. Payments of less than \$1 are not required. A \$20 charge will be imposed on all returned checks.

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To pay by credit card, complete and attach Form CCV, Credit Card Payment Voucher; visit our Web site at www2.state.id.us/tax; or call (800) 972-7660.

LINE 60 REFUND

Enter the amount of your overpayment shown on line 59 that you want refunded to you. Refunds of less than \$1 will not be issued. No refund will be issued unless a return claiming overpayment of tax is filed within three years after the due date for filing. Refunds

will be reduced by unpaid Idaho tax liabilities, and may be seized for unpaid liabilities owed to other state agencies.

LINE 61 ESTIMATED TAX

If you are filing an original return, subtract line 60 from line 59. The amount you enter will be applied to your 2002 tax and will not be refunded.

If you are filing an amended return, you must enter the same amount as reported on the original return.

FORM 43

Instructions are for lines not fully explained on the form.
General information instructions beginning on page 1 also apply to this form.

HEADING

Use the peel-off mailing label on the back cover of this booklet. Make any corrections by crossing out the wrong information and printing the correct information on the label. Include your apartment number, if you have one. If you do not receive a label, write your name and address in the spaces provided.

Write your social security number in the spaces provided. If filing a joint return, write the social security numbers of both you and your spouse.

If you do not have a social security number, contact the Social Security Administration, Postal Service or the Internal Revenue Service to obtain an application, Form SS-5. You should file it with the local office of the Social Security Administration. Apply early enough to make sure you receive a number by April 15. If your return is due before you receive your number, file the return and write "Applied for" in the space for the number. The Idaho State Tax Commission will contact you for the number.

Be sure that your return and Form(s) W-2 show the correct social security number. An error in your social security number will delay your refund.

AMENDED RETURN

This form can be used as an original return or an amended return. If you are filing this form as an amended return, check the box at the top of the form. Enter the applicable reason(s) for amending, as listed below. Complete the entire form using the corrected amounts.

1. Federal Audit
2. Capital Loss Carryback
3. Other - Attach an explanation.
4. Net Operating Loss Carryback - Attach a schedule showing the application of the loss.

NEXT YEAR'S FORMS

If someone else prepares your return and you need forms mailed to you next year, please check the box.

RESIDENCY STATUS

Check the box that applies to your residency status for 2001. If you are married and filing a joint return, check the box that applies to your spouse's residency for 2001. Use Form 43 if one of you is a resident and the other is not, and you filed a joint federal return.

1. If you (or your spouse) are a full-year resident of Idaho, check box 1.
2. If you (or your spouse) are a member of the armed forces on active military duty outside Idaho and Idaho is your state of permanent residence, check box 2. (An Idaho resident on active military duty in Idaho for the entire year must file on Form 40 or Form 40EZ unless his spouse is a part-year or nonresident.)
3. If you (or your spouse) are a nonresident, check box 3.

4. If you (or your spouse) moved into or out of Idaho and were a resident for only part of the year, check box 4.

5. If you (or your spouse) are in Idaho on military orders but your state of permanent residence is another state, check box 5. See the instructions for military personnel on page 2 of this booklet.

FULL MONTHS IN IDAHO THIS YEAR

If you were a part-year resident, enter the number of full months you lived in Idaho in 2001. If you are married and filing a joint return, enter the number of full months your spouse lived in Idaho in 2001. Nonresidents do not respond to this question.

LINES 1 THROUGH 5 FILING STATUS

Check the box indicating the same filing status shown on your federal return. Refer to federal instructions for further information on filing status.

LINE 6 EXEMPTIONS

Exemptions claimed on your Idaho return must match the exemptions claimed on your federal return.

Line 6a and 6b. Yourself and Spouse. CAUTION: If you can be claimed as a dependent on another person's tax return, such as a parent's return, do not check the box indicating yourself. Instead, check the box on line 35c.

If you cannot be claimed as a dependent on another person's return, you may claim one exemption for yourself. Check the box for "Yourself." If you are married filing a joint return, you can also claim an exemption for your spouse. Check the box for "Spouse." Enter the total number of boxes checked in the space provided. If your spouse died during 2001 and you are filing a joint return, you may claim the exemption for your spouse.

Line 6c. Other Dependents. Enter the number of other dependents claimed on your federal return.

Line 6d. Total Exemptions. Enter the total number of exemptions. Add lines 6a through 6c.

LINES 7-8 IDAHO ELECTION CAMPAIGN FUND

The Idaho Legislature established this fund to provide financing for qualified political parties. If you want \$1 of your income tax to go to the Idaho Election Campaign Fund, check the box beneath the party of your choice. If you are filing a joint return, your spouse may also designate \$1 to the same party or to a different party. If you check "No specific party," the amount will be divided among the parties by a formula prescribed by law. This will not increase your tax or decrease your refund.

If you are filing an amended return, you must check the same boxes as checked on the original return.

IDAHO INCOME

You must complete your federal income tax return before you begin your Form 43. You will use the information you entered on your federal income tax return to complete your Form 43.

FORM 43

LINE 9 WAGES, SALARIES, TIPS, ETC.

Enter the total wages, salaries, tips, etc. received for all employment while an Idaho resident or part-year resident and for all work performed in Idaho while a nonresident. If you are a non-resident who works for an employer both within Idaho and outside of Idaho, please contact the Tax Commission to request a copy of the Idaho Source Income publication. This publication will explain how to determine the amount of income that is taxable to Idaho.

If you are an Idaho resident on active military duty outside Idaho, include all your wages. If you are a military nonresident, do not include military pay.

If the wages on line 9 do not match the Idaho income amounts on your Form(s) W-2, please attach a schedule or explanation.

LINE 10 TAXABLE INTEREST INCOME

From federal Form 1040, line 8a, Form 1040A, line 8a, or Form 1040EZ, line 2, enter all:

- Interest income while an Idaho resident.
- Business interest income earned from Idaho sources.
- Interest income on installment sales of Idaho property.

NOTE: Do not include interest earned from a personal bank account in Idaho while a nonresident.

LINE 11 DIVIDEND INCOME

From federal Form 1040, line 9, or Form 1040A, line 9, enter dividends earned while an Idaho resident or part-year resident and dividends earned from Idaho sources while a nonresident.

LINE 12 ALIMONY RECEIVED

From federal Form 1040, line 11, enter alimony received while an Idaho resident or part-year resident.

LINE 13 BUSINESS INCOME OR LOSS

From federal Form 1040, line 12, enter the income (loss) reported on federal Schedule C or C-EZ from businesses or professions engaged in while an Idaho resident or part-year resident or conducted in Idaho while a nonresident. A nonresident conducting business in Idaho and another state must apportion income or loss according to Idaho Code Section 63-3027. Complete and attach Idaho Form 402.

LINE 14 CAPITAL GAIN OR LOSS

From federal Form 1040, line 13, enter the gain or loss reported on federal Schedule D from the sale of capital assets located in Idaho, the sale of capital assets while you were residing in Idaho, or receipt of installment sale proceeds while you were an Idaho resident. From Form 1040A, line 10, enter the capital gain distributions received while you were an Idaho resident.

LINE 15 OTHER GAINS OR LOSSES

From federal Form 1040, line 14, enter other gains or losses reported on federal Schedule 4797 that occurred while an Idaho resident or part-year resident or from an Idaho business.

LINE 16 IRA DISTRIBUTIONS

From federal Form 1040, line 15b, or Form 1040A, line 11b, enter the amount of IRA distributions received while an Idaho resident or part-year resident.

LINE 17 PENSIONS AND ANNUITIES

From federal Form 1040, line 16b, or Form 1040A, line 12b, enter the amount of pensions and annuities received while an Idaho resident or part-year resident.

LINE 18 RENTS, ROYALTIES, PARTNERSHIPS, ETC.

From federal Form 1040, line 17, enter the amount reported on federal Schedule E earned or received while an Idaho resident or part-year resident, or related to Idaho business or property. A nonresident conducting a business in Idaho and another state must apportion income or loss according to Idaho Code Section 63-3027. Complete and attach Idaho Form 402.

LINE 19 FARM INCOME OR LOSS

From federal Form 1040, line 18, enter the amount reported on federal Schedule F that represents farm income or loss incurred while an Idaho resident or part-year resident, or from an Idaho farming operation. A nonresident operating a farm in Idaho and another state must apportion income or loss according to Idaho Code Section 63-3027. Complete and attach Idaho Form 402.

LINE 20 UNEMPLOYMENT COMPENSATION

From federal Form 1040, line 19; Form 1040A, line 13; or Form 1040EZ, line 3, enter the unemployment compensation received while an Idaho resident or part-year resident.

LINE 21 OTHER INCOME

From federal Form 1040, line 21, enter any other income received while an Idaho resident or part-year resident, or from an Idaho source.

IDAHO ADJUSTMENTS

LINE 23 DEDUCTIONS FOR IRAs AND MEDICAL SAVINGS ACCOUNTS

Enter Idaho's portion of the IRA deduction included on federal Form 1040, line 23, or Form 1040A, line 16, and Idaho's portion of the deduction for a federal medical savings account included on federal Form 1040, line 25. To compute Idaho's portion of the IRA and federal medical savings account deductions, complete this worksheet.

1. Enter the amount of wages and earned income you computed on the federal IRA deduction worksheet and the amount of income derived by the taxpayer from the business with respect to which the federal medical savings account deduction is claimed.
2. Enter the amount from line 1 received while an Idaho resident or part-year resident, or from Idaho sources.
3. Divide line 2 by line 1. %
4. Enter amounts from federal Form 1040, line 23, or Form 1040A, line 16, and Form 1040, line 25.
5. Multiply line 4 by line 3. Enter this amount on Form 43, line 23.

LINE 24 MOVING EXPENSES

Enter Idaho's portion of moving expenses included on federal Form 1040, line 26. To compute Idaho's portion, complete this worksheet.

1. Enter total Idaho income from line 22, Form 43.
2. Enter total income from line 22, federal Form 1040.
3. Divide line 1 by line 2. %
4. Enter total moving expense from line 26, federal Form 1040.
5. Multiply line 4 by line 3. Enter this amount on line 24.

LINE 25 DEDUCTIONS FOR SELF-EMPLOYED

Enter Idaho's portion of the deductions for self-employment tax, self-employed health insurance, and contributions to a KEOGH, SEP or SIMPLE plan reported on your federal Form 1040, lines 27, 28, and 29. To compute Idaho's portion, complete this worksheet.

1. Enter the amount of self-employment income reported on Form 43, line 13 (business income), line 19 (farm income), and line 18 (income from partnerships).
2. Enter the amount of self-employment income reported on federal Form 1040, line 12 (business income), line 18 (farm income), and line 17 (income from partnerships).
3. Divide line 1 by line 2. %
4. From federal Form 1040, enter the total of lines 27, 28, and 29.
5. Multiply line 4 by line 3. Enter this amount on line 25.

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LINE 26 PENALTY ON EARLY WITHDRAWAL OF SAVINGS

Enter the amount from federal Form 1040, line 30 that relates to interest income reported as Idaho income.

LINE 27 DEDUCTIONS FOR STUDENT LOAN INTEREST AND ALIMONY PAID

Enter Idaho's portion of student loan interest paid reported on federal Form 1040, line 24, and Idaho's portion of alimony paid reported on federal Form 1040, line 31a. Complete this worksheet to compute Idaho's portion.

1. Enter total Idaho income from line 22, Form 43.
2. Enter total income from federal Form 1040, line 22.
3. Divide line 1 by line 2. %
4. Enter amounts from federal Form 1040, line 24 and Form 1040, line 31a.
5. Multiply line 4 by line 3. Enter this amount on line 27.

LINE 30 ADJUSTED GROSS INCOME

Column A: This must be the same amount of Adjusted Gross Income as reported on your federal return: Line 33, Form 1040; Line 19, Form 1040A; or Line 4, Form 1040EZ.

Column B: This is Idaho Adjusted Gross Income. Enter the amount from line 29.

TAX COMPUTATION

LINE 35a AGE 65 OR OLDER

If you are 65 or older, check the box for "Yourself." If you are filing a joint return and your spouse is 65 or older, check the box for "Spouse." Age is determined as of December 31. However, if your 65th birthday was on January 1, 2002, you may consider yourself 65 on December 31, 2001. The boxes you check must match your federal return.

LINE 35b BLIND

The box for "Yourself" must be checked if the taxpayer is blind. If you are filing a joint return and your spouse is blind, check the box for "Spouse." Blindness is determined as of December 31. The boxes you check must match your federal return.

LINE 35c CLAIMED DEPENDENT

If you can be claimed as a dependent on your parent's or someone else's return, check this box.

LINES 36-39 ITEMIZED OR STANDARD DEDUCTIONS

Most people can find their standard deduction by looking at the instructions to the left of line 39, Form 43. However, if you check the box on line 35a or 35b, use the chart below to find your standard deduction. If you check the box on line 35c, use the worksheet on page 13 to figure your standard deduction. You may use either your federal itemized deductions or standard deduction, whichever benefits you more. (For exceptions, see **YOU MUST ITEMIZE.**)

Your itemized deductions are the same as you used on your federal Form 1040, but Idaho requires that all state or local income taxes be subtracted from your itemized amount before you use that figure to reduce your income. (This is all state or local income taxes on your Schedule A, not just Idaho's.) Because of this addback, it may be more beneficial to itemize for federal purposes but use the standard amount for Idaho.

If line 38 is more than line 39, you should use your itemized deductions on line 38. If line 39 is more than line 38, you should use your standard deduction on line 39.

YOU MUST ITEMIZE if you are married, filing a separate return

STANDARD DEDUCTION CHART FOR PEOPLE AGE 65 OR OLDER OR BLIND

If someone can claim you (or your spouse if married filing jointly) as a dependent, use the worksheet for dependents.

If your filing status is . . .	and the number of boxes checked on line 35a & b is _____	then your standard deduction is . . .
Single	1	\$ 5,650
	2	6,750
Married Filing Jointly	1	\$10,000
	2	10,900
	3	11,800
	4	12,700
Married Filing Separately	1	\$ 4,700
	2	5,600
	3	6,500
	4	7,400
Head of Household	1	\$ 7,750
	2	8,850
Qualifying Widow(er)	1	\$ 8,500
	2	9,400

FORM 43

(filing status 3) and your spouse itemizes. You must itemize if you were a nonresident alien for any part of 2001. However, you do not have to itemize if you file a joint return with your spouse who was a U.S. citizen or resident at the end of 2001 and you and your spouse agree to be taxed on your combined worldwide income.

CLAIMED DEPENDENTS. If someone else can claim you as a dependent and you are claiming the standard deduction, complete the following worksheet.

STANDARD DEDUCTION WORKSHEET FOR DEPENDENTS

- 1a. Enter your federal earned income. Earned income includes wages, salaries, tips, other employee compensation, net earnings from self-employment, strike benefits and any disability pay you report as wages. If none, enter -0- _____
- b. Add 250
- c. Add lines 1a and 1b. Enter total here. _____
2. Minimum amount 750
3. Compare the amounts on lines 1c and 2. Enter the larger of the two amounts here. _____
4. Enter on line 4 the amount shown below for your filing status:
 - Single, enter \$4,550.
 - Married filing a separate return, enter \$3,800.
 - Married filing a joint return, enter \$9,100.
 - Qualifying widow(er) with dependent child, enter \$7,600.
 - Head of household, enter \$6,650. _____
5. Standard deduction:
 - a. Compare the amounts on lines 3 and 4. Enter the smaller of the two amounts here. If under 65 and not blind, stop here and enter this amount on line 39. _____
 - b. If 65 or older or blind, multiply \$1,100 (\$900 if married filing a joint or separate return, or qualifying widow(er) with dependent child) by the number of boxes checked on lines 35a and b. _____
 - c. Add lines 5a and 5b. Enter the total here and on line 39. _____

FEDERAL LIMITATIONS ON ITEMIZED DEDUCTIONS. Some of your itemized deductions may be phased out if your federal adjusted gross income is more than \$132,950 (\$66,475 if you are married filing separately). Since this figure is the same as the limit on your federal itemized deductions, use the amount computed on the federal Itemized Deductions Worksheet and reported on your federal return.

Since state income taxes are affected by the limitation, your state income tax addback (line 37) must be reduced if your itemized deductions are limited. Adjust your state income tax addback as follows:

1. State and local income tax reported on federal Schedule A _____
2. Itemized deductions affected by the limitation (line 3 of federal Itemized Deductions Worksheet) _____
3. Divide line 1 by line 2. Round to the nearest whole percent. _____ %
4. Enter the amount from line 9 of the federal Itemized Deductions Worksheet. _____
5. Multiply line 3 by line 4. _____
6. Subtract line 5 from line 1. Enter this amount on line 37. _____

LINE 40 EXEMPTIONS

Multiply \$2,900 by the total number of exemptions entered on line 6d. If Column A, line 30 is more than the amount shown for your filing status, use the amount allowed on your federal Form 1040, line 38.

- \$ 99,725 Married filing separate return
- \$199,450 Married filing joint return or qualifying widow(er)

- \$132,950 Single
- \$166,200 Head of household

LINE 42 IDAHO PERCENTAGE

Divide the amount from line 34, Column B, by the amount from line 34, Column A. Enter the percentage here. You must round to the nearest whole percent. Example: If line 34, Column A, is \$15,000 and line 34, Column B, is \$10,000, you would enter 67% on line 42. The total percentage cannot exceed 100%.

LINE 45 TAX

Enter the tax on this line. Use the tax tables beginning on page 26 if line 44 is less than \$100,000. Use the schedules on page 26 if line 44 is \$100,000 or more. Be sure you use the correct column in the tax table or the correct schedule for your filing status. See the example at the beginning of the tax table.

If you do not meet the filing requirement (see page 1) and are filing only to receive a refund of withheld taxes, write "NRF" (Not Required to File) on this line.

CREDITS

LINE 46 INCOME TAX PAID TO OTHER STATES

Nonresidents do not qualify for this credit.

Part-year resident: When the same income is taxed by both Idaho and another state while you are an Idaho resident, you may be entitled to a credit for tax paid to the other state. Use Form 39NR, Part C, to compute the credit. You must attach a copy of the other state's income tax return and Form 39NR. If the credit applies to more than one state, use a separate Form 39NR for each state.

Idaho resident military: Use Part D of Form 39NR to compute the credit.

LINE 47 CREDIT FOR CONTRIBUTIONS TO EDUCATIONAL ENTITIES

If you donated cash or goods to qualified educational entities, you may claim a tax credit. Your credit is limited to the smallest of:

- one-half of the amount donated,
- 20% of the tax on line 45, or
- \$50 (\$100 on a joint return)

A qualified educational entity includes:

- a nonprofit corporation, fund, foundation, research park, trust, or association organized and operated exclusively for the benefit of Idaho colleges and universities
- a nonprofit, private or public Idaho school (elementary, secondary or higher education) or its foundation
- Idaho education public broadcast system foundations
- the Idaho State Historical Society or its foundation
- an Idaho public library or its foundation
- an Idaho library district or its foundation
- an Idaho public or private nonprofit museum
- the Idaho State Library

LINE 48 INVESTMENT TAX CREDIT

If you acquired an asset for use in your business, you may have earned an investment tax credit. Report the earned credit computed on line 2, Part I, Form 49 and the allowed credit computed on line 9b or line 10, Part II, Form 49. Attach Form 49.

LINE 49 CREDIT FOR CONTRIBUTIONS TO YOUTH AND REHABILITATION FACILITIES

If you donated cash or goods to a qualified center for independent living, to a youth or rehabilitation facility or its foundation, or to a nonprofit substance abuse center licensed by the Idaho Department of Health and Welfare, you may claim a tax credit. Your credit is limited to the smallest of:

- one-half of the amount donated,
- 20% of the tax on line 45, or
- \$100 (\$200 on a joint return)

FORM 43

The qualified youth or rehabilitation facilities and their foundations are:

- Anchor House
- The Arc, Inc., Boise
- The Children's Home Society Of Idaho, Inc., Boise
- Dawn Enterprises, Inc., Blackfoot
- Development Workshop, Inc., Idaho Falls
- Gem Youth Services, Inc., Emmett
- High Reachers, Inc., Mountain Home
- Hope House, Inc., Nampa
- Idaho Elks Rehabilitation Hospital, Inc., Boise
- Idaho Youth Ranch
- Magic Valley Rehabilitation Services, Inc., Twin Falls
- New Day Products, Inc., Pocatello
- Northwest (North Idaho) Children's Home
- Opportunities Unlimited, Inc., Lewiston
- Panhandle Special Needs, Inc., Sandpoint
- Transitional Employment Services for the Handicapped, Coeur d' Alene
- Western Idaho Training Co., Inc., Caldwell
- Winchester Occupational Workshop, Winchester

The following are qualified centers for independent living:

- Disability Action Center Northwest, Moscow and Coeur d'Alene
- Living Independence Network Corporation, Boise and Twin Falls
- Living Independently For Everyone, Blackfoot, Idaho Falls and Pocatello

LINE 50 CREDIT FOR PRODUCTION EQUIPMENT USING POST-CONSUMER WASTE

If you purchased equipment that manufactures a product from post-consumer or post-industrial waste, you may be entitled to a tax credit. The credit is 20% of your cost to purchase qualified equipment.

Qualified equipment is machinery or equipment in Idaho with a useful life of three years or more. In addition, 90% of the equipment's production must result in products utilizing post-consumer or post-industrial waste.

The credit claimed in a tax year is limited to the lesser of \$30,000 or your tax liability. You may carry forward the unused portion of the credit up to seven years.

Product is any manufactured material that is composed of at least 50% post-consumer or post-industrial waste and offered for sale. Product does not include shredded material unless it is incorporated directly into the manufacturing process.

Post-consumer waste or post-industrial waste includes only glass, paper, or plastic that have been, or would have been, disposed of as solid waste. It does not include radioactive or hazardous waste.

Attach a schedule showing your computations, listing the qualified equipment, identifying the post-consumer or post-industrial waste products, and identifying the newly manufactured products.

LINE 51 NATURAL RESOURCES CONSERVATION CREDIT

If you filed an Application for Natural Resources Conservation Income Tax Credit for Tax Year 2001, enter the amount approved on that application by the Natural Resources Conservation Income Tax Credit Committee. The maximum tax credit allowed cannot exceed \$2,000. You may not claim a credit if you did not file an application or if the credit you requested was not approved. To request an application for tax year 2002 contact the Idaho Soil Conservation Commission at (208) 332-8654.

LINE 52 PROMOTER-SPONSORED EVENT CREDIT

If you issued temporary sales tax permits to participants of a promoter-sponsored event on behalf of the Tax Commission, you may claim a \$1 credit for each temporary permit issued during the

tax year. Promoter-sponsored events include swap meets, flea markets, gun shows, and fairs. You must have filed Form ST-124 with the Tax Commission to qualify for the credit.

LINE 53 CREDIT FOR QUALIFYING NEW EMPLOYEES

Idaho allows a credit for qualifying new employees of a business.

Report the earned credit computed on line 8, Part I, Form 55, and the allowed credit computed on line 29, Part II, Form 55. Attach Form 55.

LINE 54 CREDIT FOR IDAHO RESEARCH ACTIVITIES

If you incurred expenses for research conducted in Idaho, you may have earned the credit for Idaho research activities.

Report the earned credit computed on line 16, Form 67, and the allowed credit computed on line 29 or line 33, Form 67. Attach Form 67.

LINE 55 BROADBAND EQUIPMENT INVESTMENT CREDIT

If you acquired qualified broadband equipment to use in a business in Idaho, it may qualify for the broadband equipment investment credit. You may also claim this credit if you acquired the credit through a transfer.

Report the earned credit computed on line 2, Form 68, and the allowed credit computed on line 17 or line 21, Form 68. Attach Form 68.

LINE 56 INCENTIVE INVESTMENT TAX CREDIT

If you acquired assets that qualify for the investment tax credit, you may also have earned the incentive investment tax credit. The credit rate varies depending on the county in which the asset is primarily based. You may also claim this credit if you acquired the credit through a transfer.

Report the earned credit computed on line 22, Form 69, and the allowed credit computed on line 37 or line 41, Form 69. Attach Form 69.

LINE 57 ELECTRONICALLY FILED RETURN CREDIT

If you file this return electronically Idaho allows you a \$2.00 nonrefundable credit. If you are filing this return by paper do not make an entry on this line.

OTHER TAXES

LINE 59 FUELS TAX DUE

If you buy gasoline, aircraft fuel, or special fuels (diesel, propane, natural gas) without paying the fuels tax and later use this fuel in licensed vehicles or aircraft, fuels tax is due. Add the amounts on lines 3 and 4, Section IV, Form 75, and enter the total. Attach Form 75.

LINE 60 SALES/USE TAX DUE

If you made purchases during the year without paying sales tax, you must report sales/use tax due on such purchases. Examples include magazine subscriptions, out-of-state catalog purchases, merchandise purchased over the Internet, book and record clubs, purchases in a state where no sales tax is charged, etc. Multiply the total amount of such purchases by 5% (.05).

LINE 61 RECAPTURE OF INVESTMENT TAX CREDIT

If you have claimed Idaho investment tax credit on property that ceases to qualify before the end of its estimated useful life, you must recompute the investment tax credit. The difference between the original credit and the recomputed credit must be recaptured. Complete and attach Form 49R.

LINE 62 PERMANENT BUILDING FUND TAX

You are required to pay the \$10 permanent building fund tax if your Idaho gross income equals or exceeds the filing requirements on page 1.

You are not required to pay the \$10 permanent building fund tax if:

- your Idaho gross income was less than the amount specified for your filing status. Draw a line through the \$10 and enter "NRF" (Not Required to File).
- you were receiving Idaho public assistance payments at the end of the tax year. Check the box on this line and draw a line through the \$10. Food stamps and WIC payments do not qualify as Idaho public assistance.
- you or your spouse were legally blind at the end of the tax year. Draw a line through the \$10.

DONATIONS

The donations on lines 64 and 65 are voluntary and will either reduce your refund or increase the tax due. Your choice to donate is irrevocable; you cannot get a refund later. These donations may be itemized as charitable contribution deductions on your 2002 income tax return. If you have any questions regarding your donation(s), you may contact the entities listed.

If you are filing an amended return, your donations cannot be less than the amounts on the original return.

LINE 64 NONGAME WILDLIFE CONSERVATION FUND



DO SOMETHING WILD!

Contributions are used to ensure the conservation of nongame wildlife and their habitat in Idaho, to promote greater appreciation of wildlife, and to increase opportunities to view and enjoy "watchable" wildlife. Donations are used for a variety of projects including research on rare animals in an effort to better manage them so they don't become threatened or endangered, construction of nest boxes and platforms to provide more homes for wildlife, educational programs and community projects, development of wildlife viewing sites throughout the state, informational brochures, and a nongame wildlife leaflet series available to the public and used by teachers. Contact the Department of Fish and Game at (208) 334-2676.

LINE 65 CHILDREN'S TRUST FUND/CHILD ABUSE PREVENTION

Contributions are used to protect our state's most valuable resource - our children. The Trust Fund board, appointed by the governor, reviews applications each spring and awards grants of up to \$5,000 to community-based prevention programs. Funded programs include parent education, voluntary home visitation for first-time parents, public awareness of shaken baby syndrome, and prevention and safety education in schools. Contact the Department of Health and Welfare, Children's Trust Fund/Child Abuse Prevention at (208) 386-9317.

PAYMENTS AND OTHER CREDITS

LINE 67 GROCERY CREDIT

Nonresidents do not qualify for this credit.

If you can be claimed as a dependent on your parent's return, you may NOT claim this credit on your return.

Part-year residents and Idaho residents on full-time active military duty who meet the filing requirements (see page 1) must use the worksheet to compute the grocery credit.

If you do not meet the filing requirements (see page 1) and are filing only to receive a refund of amounts withheld, write "NRF" (Not Required to File) on this line.

Part-year Residents

Yourself:

1. Number of months in Idaho _____
2. If 65 or older, multiply line 1 by \$2.92. _____
If under 65, multiply line 1 by \$1.67. _____

Spouse (if joint return):

3. Number of months in Idaho _____
4. If 65 or older, multiply line 3 by \$2.92. _____
If under 65, multiply line 3 by \$1.67. _____

Resident dependents claimed on lines 6b and 6c:

5. For each dependent, compute:
Number of months in Idaho ____ X \$1.67 _____
Number of months in Idaho ____ X \$1.67 _____
Number of months in Idaho ____ X \$1.67 _____
Number of months in Idaho ____ X \$1.67 _____

(If you have more than four dependents, use additional paper to compute.)

Total credit allowed:

6. Add amounts on lines 2, 4 and 5. _____
7. Enter total tax from line 45. _____
8. Enter the smaller of line 6 or line 7 here and on line 67. _____

The grocery credit allowed for part-year residents cannot exceed the amount on line 45. Grocery credit is not refunded to part-year residents.

Residents on Active Military Duty

1. \$20 times the number of Idaho residents claimed on line 6d _____
2. Additional grocery credit if you or your spouse are 65 or older: \$15 times the number of checked boxes on line 35a _____
3. Total of lines 1 and 2. Enter on line 67. _____

LINE 68 MAINTAINING A HOME FOR A FAMILY MEMBER AGE 65 OR OLDER OR A FAMILY MEMBER WITH A DEVELOPMENTAL DISABILITY

Part-year residents and nonresidents do not qualify for this credit. If either you or your spouse were a full-year resident or an Idaho resident on active military duty outside Idaho and you maintained a household for an immediate family member(s) age 65 or older or with a developmental disability, and you did not include a deduction of \$1,000 per person on line 11, Part B, Form 39NR, you may claim a tax credit of \$100 per person (up to \$300).

Complete Form 39NR, Part E and attach it to your return. If the home was maintained for the family member for less than a full year, the tax credit is allowed at the rate of \$8.33 per month per person. You may claim this credit even if your gross income is less than the filing requirement.

LINE 69 FUELS TAX REFUND

If you buy special fuels (diesel, propane, natural gas) with Idaho tax included and use this fuel for heating or in off-highway equipment, you may be entitled to a refund of the Idaho special fuels tax you paid. Enter the amount from line 2, Section IV, Form 75. Attach Form 75. Heating fuel is generally purchased without paying the tax.

If you buy gasoline and use it in unlicensed equipment or auxiliary engines, you may be entitled to a refund of the Idaho gasoline tax you paid. Enter the amount from line 1, Section IV, Form 75. Attach Form 75.

FORM 43

LINE 70 IDAHO INCOME TAX WITHHELD

Total the Idaho income tax withheld shown on withholding statements. Attach legible state copies of your Form(s) W-2, 1099, and other information forms that show Idaho withholding. DO NOT claim credit for tax withheld for other states or federal tax withheld. DO NOT include Form(s) W-2 from other tax years or write on or change the amounts on your Form(s) W-2.

LINE 71 FORM 51 PAYMENT(S)

Enter the total of payments made with Form(s) 51. Include the amount of overpayment applied from your 2000 return.

AMENDED RETURN ONLY

Complete lines 73 through 75 only if you are filing this return as an amended return for 2001.

LINE 73 TAX PAID WITH OR AFTER FILING ORIGINAL RETURN

If this is an amended return, enter the amount paid with or after filing your original return for 2001.

LINE 74 OVERPAYMENT AS SHOWN ON ORIGINAL RETURN OR LATER ADJUSTED

If this is an amended return, enter the amount of refund shown or adjusted on your original return for 2001.

REFUND OR TOTAL DUE

LINE 77 PENALTY AND INTEREST

Penalty: If you file your return after the due date or fail to pay the required amount by the due date, a penalty may be due. To avoid paying any late filing or late payment penalty, you must:

- Pay by the original due date at least 80% of the tax due on the return or 100% of the total tax reported last year, and
- File the return and pay the tax due by the extended due date.

If you pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, but fail to file the return or pay the remaining tax by the extended due date the following penalties will apply:

- If the return is filed on or before the extended due date, a 0.5% per month late payment penalty will be computed on tax due from the extended due date to date of payment, or
- If the return is filed after the extended due date, a 5% per month late filing penalty will be computed on tax due from the original due date to the date the return is filed.

If you do not pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date the following penalties will apply:

- If the return is filed by the original due date, a 0.5% per month late payment penalty will be computed on tax due from the original due date of the return to the date of payment.

- If the return is filed on or before the extended due date and the tax is paid on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the earlier of the date the tax is paid or date return is filed, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.
- If the return is filed on or before the extended due date but the tax is paid after the extended due date, a 5% per month late filing penalty will be computed on tax due from the due date of the return to the date the return is filed, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid.
- If both the return is filed and the tax is paid after the extended due date, a 5% per month late filing penalty will be computed on tax due from the original due date of the return to the earlier of the date the return is filed or the date tax is paid.

The minimum penalty is \$10. The maximum penalty is 25% of tax due.

Idaho Medical Savings Account: If you make an Idaho medical savings account withdrawal which is subject to tax and you are under age 59 1/2, the withdrawal is subject to penalty. The penalty is 10% of the amount withdrawn. Check the box and enter the amount here.

Interest: Interest is charged on the amount of tax due, line 76, from the original due date until paid. The rate for 2002 is 7%.

LINE 78 TOTAL DUE

Enter the amount of tax you owe. If your payment includes amounts for penalty and interest, include those amounts in the figure you enter on this line.

Send a check or money order payable to the Idaho State Tax Commission. Do not send cash. Payments of less than \$1 are not required. A \$20 charge will be imposed on all returned checks.

To pay by credit card, complete and attach Form CCV, Credit Card Payment Voucher; visit our Web site at www2.state.id.us/tax; or call (800) 972-7660.

LINE 80 REFUND

Enter the amount of your overpayment shown on line 79 that you want refunded to you.

Refunds of less than \$1 will not be issued. No refund will be issued unless a return claiming overpayment of tax is filed within three years after the due date for filing. Refunds will be reduced by unpaid Idaho tax liabilities and may be seized for unpaid liabilities owed to other state agencies.

LINE 81 ESTIMATED TAX

If you are filing an original return, subtract line 80 from line 79. The amount you enter will be applied to your 2002 tax and will not be refunded.

If you are filing an amended return, you must enter the same amount as reported on the original return.

ATTACH A COMPLETE COPY OF YOUR FEDERAL RETURN.

**IF YOU FILED A FEDERAL TELEFILE,
YOU MUST ATTACH A COPY OF YOUR
FEDERAL TELEFILE WORKSHEET.**

FORM 39R

Complete Form 39R if you are filing a Form 40. If you are filing a Form 43, complete 39NR.

PART A. ADDITIONS

LINE 1 FEDERAL NET OPERATING LOSS CARRYFORWARD

A net operating loss is the excess of business deductions (computed with certain modifications) over total gross income in a particular tax year. A deduction is allowed for that loss, in some other tax year(s) in which gross income exceeds business deductions through a net operating loss carryback or carryforward.

In many cases, the allowable federal net operating loss carryforward is not the same amount allowed on the Idaho return. Therefore, you must enter on line 1 any net operating loss carryforward included on your federal return. The allowable Idaho net operating loss carryforward will then be claimed as a subtraction on line 1, Part B.

LINE 2 CAPITAL LOSS CARRYFORWARD

Enter on line 2 any capital loss claimed on your federal return (Schedule D) incurred before you became a resident of Idaho, or capital losses from business activities that were not taxable by Idaho.

LINE 3 NON-IDAHO STATE AND LOCAL BOND INTEREST AND DIVIDENDS

Enter the amount of interest and dividends you received from municipal bonds of other state governments, including their counties or cities, or from obligations of any foreign country. This income is not reported on your federal return.

LINE 4 IDAHO COLLEGE SAVINGS ACCOUNT WITHDRAWAL

If you make a nonqualified withdrawal from an Idaho college savings account, enter the amount withdrawn less any amounts reported on your federal Form 1040.

LINE 5 OTHER ADDITIONS

RETIREMENT PLAN LUMP-SUM DISTRIBUTIONS

Enter the taxable amount of a lump-sum distribution from a retirement plan reported on federal Form 4972. The amount subject to Idaho tax includes the ordinary income portion and the amount eligible for the federal capital gain election.

PARTNER AND SHAREHOLDER ADDITIONS

Partners and shareholders must include their share of the Idaho additions to partnership and S corporation income not included on the federal Schedule K-1. This information is available from the preparer of the partnership or S corporation return. For example: Interest income from other state governments not taxable for federal purposes is not included on a federal Schedule K-1. The partner or shareholder must report that interest income here.

IDAHO MEDICAL SAVINGS ACCOUNT WITHDRAWALS

Idaho medical savings account withdrawals not used to pay eligible medical expenses must be reported here. See instructions for line 12, Part B.

PART B. SUBTRACTIONS

LINE 1 IDAHO NET OPERATING LOSS CARRYFORWARD

Use Idaho Form 56 to compute your allowable Idaho loss carryforward. Do not include losses from sources that were not taxable by Idaho or that were incurred before becoming a resident.

LINE 2 STATE INCOME TAX REFUND

Enter the amount of all state income tax refunds included in income on line 10 of federal Form 1040. If you are filing federal Form 1040A or 1040EZ, enter zero.

LINE 3 INTEREST FROM U.S. GOVERNMENT OBLIGATIONS

Interest income you received from obligations of the U.S. Government is not subject to the Idaho tax. Deduct any U.S. Government interest included in federal adjusted gross income,

line 9, Form 40. Examples of obligations of the U.S. Government include but are not limited to:

- Banks for Cooperatives
- Federal Farm Credit Banks
- Federal Financing Bank
- Federal Homeowners Loan Bank
- Federal Intermediate Credit Bank
- Federal Land Bank
- Guam
- Puerto Rico
- Student Loan Marketing Association
- Tennessee Valley Authority Bonds
- Territory of Alaska
- Territory of Hawaii
- Territory of Samoa
- U.S. Series EE and HH Bonds
- U.S. Treasury Bills and Notes
- Virgin Islands

Interest income received from the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) is not paid by the U.S. Government and is subject to Idaho income tax.

LINE 4 INSULATION OF AN IDAHO RESIDENCE

To qualify for this deduction, your Idaho home must have existed, been under construction, or had a building permit issued on or before January 1, 1976. The insulation must be in addition to any existing insulation and may not be a replacement.

Insulation means any material commonly used in the building industry and installed to retard the passage of heat into or out of a building, such as fiberglass, rock wool, weather stripping, double-pane windows, storm doors and storm windows.

Insulated siding does not qualify unless the cost of the siding and the insulating material is separately stated, in which case the cost of the insulating material alone qualifies. The amount charged for labor to install the insulation is also deductible.

LINE 5 ALTERNATIVE ENERGY DEVICE DEDUCTION

If you install an alternative energy device in your Idaho residence, you may deduct a portion of the amount actually paid or accrued (billed but not paid). Qualifying devices include:

- a system using solar radiation, wind or geothermal resource primarily to provide heating or cooling, or produce electrical power, or any combination
- a fluid-to-air heat pump operating on a fluid reservoir heated by solar radiation or geothermal resource but not an air-to-air heat pump unless it uses geothermal resources as part of the system
- a natural gas or propane heating unit that replaces a noncertified wood stove
- an Environmental Protection Agency (EPA) certified wood stove or pellet stove meeting the most current industry and state standards that replaces a noncertified wood stove

A noncertified wood stove is a wood stove that does not meet the most current EPA standards. The noncertified wood stove must be taken to a site authorized by the Division of Environmental Quality (DEQ) within 30 days from the date of purchase of the qualifying device.

The natural gas or propane heating unit, the EPA-certified wood stove, or pellet stove must be installed the same tax year that the nonqualifying wood stove is turned in to the DEQ.

In the year the device is placed in service, you can deduct 40% of the cost to construct, reconstruct, remodel, install or acquire the device, but not more than \$5,000.

FORM 39R

In the next three years after installation, you can deduct 20% of these costs per year, but not more than \$5,000 in any year.

Lines a - d Complete the line(s) that apply to the year you acquired the device(s). For example, if your device was acquired in 1998, complete line d. Enter the type of device and total cost. Multiply the total cost by the appropriate percentage.

Line 5e Total your deduction on line 5e.

LINE 6 CHILD AND DEPENDENT CARE

If you were able to claim the federal Credit for Child and Dependent Care Expenses, you are allowed an Idaho deduction for the child care expenses you paid for the care of your dependents. The Idaho deduction is a different amount than the federal credit.

Complete this worksheet to determine your Idaho child or dependent care deduction. Refer to federal Form 2441 to determine amounts to enter on lines 1 through 6.

1. Enter the amount of qualified expenses you incurred and paid in 2001. Do not include amounts paid by your employer.
2. Enter \$2,400 for one child or dependent, \$4,800 for more than one child or dependent, cared for during the year.
3. Enter excluded benefits from federal Form 2441, Part III
4. Subtract line 3 from line 2. If zero or less, stop. You cannot claim the deduction.
5. Enter your earned income.
6. If married filing a joint return, enter your spouse's earned income. All others enter the amount from line 5.
7. Enter the smallest of line 1, 4, 5, or 6 here and on line 6, Form 39R, Part B.

Attach federal Form 2441 or Form 1040A, Schedule 2, Child and Dependent Care Expenses, to your return.

LINE 7 RETIREMENT BENEFITS DEDUCTION

If you are age 65 or older, or if you are disabled and age 62 or older, you may be able to deduct some of the retirement benefits and annuities you receive. You cannot claim this deduction if you file married filing separate. The following are qualified retirement benefits:

- Civil Service Employees: Retirement annuities paid by the United States to a retired civil service employee or the unmarried widow of the employee if the recipient is age 65 or older, or disabled and age 62 or older.
- Idaho Firemen: Retirement benefits paid from the firemen's retirement fund of the state of Idaho to a retired fireman or the unmarried widow of a retired fireman if the recipient is age 65 or older, or disabled and age 62 or older.
- Policemen of an Idaho city: Retirement benefits paid from the policemen's retirement fund of a city within Idaho to a retired policeman or the unmarried widow of a retired policeman if the recipient is age 65 or older, or disabled and age 62 or older.
- Servicemen: Retirement benefits paid by the United States to a retired member of the U.S. military service or the unmarried widow of such member if the recipient is age 65 or older, or disabled and age 62 or older.

The amount deducted must be reduced by retirement benefits paid under the Federal Social Security Act and the Federal Railroad Retirement Act.

The maximum amounts that may be deducted for 2001 are:

Married filing jointly:

- age 65 or older \$27,648
- age 62 or older and disabled \$27,648

Single:

- age 65 or older \$18,432
- age 62 or older and disabled \$18,432

Line 7a Enter \$27,648 or \$18,432, whichever is applicable to your filing status. Note: Only one deduction is allowed even though you and your spouse may receive more than one annuity.

Line 7b Enter the amount of retirement benefits you (and your spouse) received under the Federal Railroad Retirement Act, Box 5 of your Forms RRB-1099.

Line 7c Enter the amount of retirement benefits you (and your spouse) received under the Federal Social Security Act, Box 5 of your Forms SSA-1099. If you or your spouse receive Canadian social security benefits that are included in your federal taxable income, enter the amount received.

Line 7d Subtract lines 7b and 7c from line 7a.

Line 7e The amount deducted must have been included in income. Enter the amount of qualified retirement benefits included on line 9, Form 40.

Line 7f Enter the smaller of line 7d or 7e here.

LINE 8 SOCIAL SECURITY AND RAILROAD BENEFITS

Idaho does not tax social security benefits, benefits paid by the Railroad Retirement Board or Canada social security benefits (OAS or CPP) that are taxable on your federal return.

Enter only the amount of these benefits shown on your federal Form 1040, lines 16b and 20b, or Form 1040A, lines 12b and 14b. (Do not enter the amounts reported on lines 16a and 20a, Form 1040, or lines 12a and 14a, Form 1040A). If subtracting benefits from the Railroad Retirement Board, attach Form RRB-1099 or RRB-1099-R.

LINE 9 TECHNOLOGICAL EQUIPMENT DONATION

Enter the fair market value of technological equipment donated to a public elementary or secondary school, public or private college or university, public library, or library district located in Idaho. Items that qualify for this deduction are limited to computers, computer software, and scientific equipment or apparatus manufactured within five years of the date of donation. The amount deducted may not reduce Idaho taxable income to less than zero. Any unused deduction cannot be carried to another year.

LINE 10 IDAHO CAPITAL GAINS DEDUCTION

If you had a net capital gain from the sale of qualified Idaho property described below, you may deduct 80% of the net capital gain that has not already been deducted on federal Schedule D.

- (a) Real property held for at least 18 months, or
- (b) Tangible personal property used in a revenue-producing enterprise and held for at least 12 months. A revenue-producing enterprise means:
 - 1) Producing, assembling, fabricating, manufacturing or processing any agricultural, mineral or manufactured product;
 - 2) Storing, warehousing, distributing or selling at wholesale any products of agriculture, mining or manufacturing;
 - 3) Feeding livestock at a feedlot;
 - 4) Operating laboratories or other facilities for scientific, agricultural, animal husbandry or industrial research, development or testing.
- (c) Cattle and horses held for at least 24 months, and other livestock used for breeding held for at least 12 months, if the owner received more than one-half of his gross income from farming or ranching in Idaho, or
- (d) Timber held for at least 24 months.

FORM 39R

NOTE: Gains from the sale of stocks and other intangibles do not qualify.

Complete Idaho Form CG to compute your capital gains deduction.

LINE 11 ADOPTION EXPENSES

If you adopt a child, you may deduct the expenses incurred in the adoption. You may claim legal and medical expenses incurred up to a maximum of \$3,000 per adoption. Travel expenses do not qualify. If the expenses are incurred in two or more years, deduct the costs in the year paid until the \$3,000 limit has been met. The expenses related to an unsuccessful attempt to adopt are not deductible. If expenses were claimed in a year prior to such a determination, file an amended return to add back any deduction claimed for the unsuccessful attempt.

LINE 12 IDAHO MEDICAL SAVINGS ACCOUNT CONTRIBUTIONS AND INTEREST

You may contribute up to \$2,000 (\$4,000 if married) to an Idaho medical savings account and deduct the contribution. Deductible contributions do not include reimbursements that were redepotited into your Idaho medical savings account. Do not include amounts deducted on line 25, federal Form 1040.

An Idaho medical savings account is generally established with a bank, savings and loan, or credit union. The account is established to pay eligible medical expenses of the account holder and the account holder's dependents.

Interest earned on the account is included on line 12. Add your qualifying contributions to the interest earned on the account. Enter the total on line 12.

If you withdraw funds from an Idaho medical savings account and do not use the funds to pay eligible medical expenses, the withdrawal is subject to Idaho tax. Report this amount as an other addition, line 5, Part A. Eligible medical expenses include medical, vision and dental care, medical insurance premiums, and long-term care expenses.

If you make a withdrawal that is subject to tax and you are under age 59 1/2, the withdrawal is subject to penalty. The penalty is 10% of the amount withdrawn. Report the penalty on line 57, Form 40.

LINE 13 IDAHO COLLEGE SAVINGS PROGRAM

You may contribute up to \$4,000 (\$8,000 if married filing a joint return) per year to a qualified Idaho college savings program and deduct the contribution. The account must be established with TIAA-CREF Tuition Financing, Inc. The account owner and beneficiary will be designated at the time the account is established. The account owner will have the right to make withdrawals for payment of higher education expenses for the beneficiary. A nonqualified withdrawal will result in a penalty up to 10% of the withdrawal amount. The person that withdraws the funds must report the withdrawal amounts as income in accordance with Internal Revenue Code Section 529.

LINE 14 MAINTAINING A HOME FOR AGED AND/OR DEVELOPMENTALLY DISABLED

You may deduct \$1,000 for each family member, not including yourself or your spouse, who is age 65 or older and for whom you maintain a household and provide more than one-half of his support for the year.

You may deduct \$1,000 for each family member, including yourself and your spouse, who is developmentally disabled and for whom you maintain a household and provide more than one-half of his support for the year.

No more than three deductions of \$1,000 are allowed. If you claim this deduction, you cannot claim the \$100 credit in Part D.

Developmental disability means a chronic disability which:

1. Is attributable to an impairment such as:
 - Mental retardation
 - Cerebral palsy
 - Epilepsy
 - Autism
 - Other condition found to be closely related to, or similar to, one of these impairments; and
2. Results in substantial functional limitation in three or more of the following areas of life activity:
 - Self-care
 - Receptive and expressive language
 - Learning
 - Mobility
 - Self-direction
 - Capacity for independent living
 - Economic self-sufficiency; and
3. Reflects the need for a combination and sequence of special, interdisciplinary or generic care, treatment or other services which are of lifelong or extended duration and individually planned and coordinated.

If the home was maintained for the family member for less than a full year, the deduction is allowed at the rate of \$83.33 for each month the home was maintained.

A family member is any person who meets the relationship test to be claimed as a dependent on income tax returns. Refer to the federal Form 1040 instructions for more information on dependents.

Maintaining a household means paying more than one-half the expenses incurred for the benefit of all the household's occupants. Social Security benefits are not support provided by you but must be included in the computation of total support provided. Some examples of expenses of maintaining a household include: property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance and food consumed on the premises.

LINE 15 IDAHO LOTTERY WINNINGS

You may deduct Idaho lottery prizes of less than \$600 per prize included in federal adjusted gross income on line 9, Form 40. You cannot deduct lottery prizes from other states.

LINE 16 INCOME EARNED ON A RESERVATION BY AN AMERICAN INDIAN

American Indians who are enrolled members of a federally recognized tribe and who live and work on a reservation may deduct all income received from reservation sources if the income is included on line 9, Form 40. Income earned off the reservation cannot be deducted, nor can income earned on the reservation if you live off the reservation.

LINE 17 HEALTH INSURANCE PREMIUMS

Deduct premiums you paid for health insurance for yourself and your dependents if those premiums have not already been deducted or excluded from your income. Premiums paid through a cafeteria plan or other salary-reduction arrangement and premiums deducted as a business expense do not qualify for this deduction.

LINE 18 LONG-TERM CARE INSURANCE

Deduct 50% of the amount you paid in premiums for long-term care insurance.

LINE 19 OTHER SUBTRACTIONS

WORKER'S COMPENSATION INSURANCE: A self-employed individual may deduct the actual cost of amounts paid for worker's compensation insurance coverage in Idaho, if the cost is not deducted elsewhere.

FORM 39R

Identify any other subtraction to which you are entitled and claim the amount on this line. Do not include income earned in another state as a subtraction.

LINE 20 TOTAL SUBTRACTIONS

Total your subtractions and enter the amount on line 12, Form 40.

PART C. CREDIT FOR INCOME TAX PAID TO OTHER STATES

When the same income is taxed by both Idaho and another state, you may be entitled to a credit for tax paid to the other state. Use this section to compute the credit. You must attach a copy of the other state's income tax return and Idaho Form 39R to your income tax return. If your S corporation or partnership paid income tax to another state, attach a copy of your Schedule K-1. If credit applies to more than one state, use a separate Form 39R for each state.

Examples of income that may be taxed by both Idaho and another state include:

- Wages earned in another state that has an income tax, such as Oregon or Utah, while living in Idaho.
- Income from a business or profession earned in another state that has an income tax, while a resident of Idaho.

LINE 1 Enter the tax shown on line 22, Form 40.

LINE 2 Enter the amount of Idaho adjusted income derived in the other state. In computing the income derived in the other state, you must reverse any adjustments to federal taxable income allowed by the other state that are not applicable to Idaho. If you reported your income derived in the other state by filing an:

- individual return, enter your adjusted gross income from the other state restated to a basis comparable to Idaho adjusted income. For example, if the other state taxes interest received from U.S. obligations, deduct this amount from the other state's adjusted gross income as Idaho does not tax this interest.
- S corporation or partnership composite or group return, enter your pro rata share of the S corporation or partnership income derived in the other state. The corporation's or partnership's income must be restated to a basis comparable to Idaho adjusted income. For example, if the S corporation or partnership deducted state income taxes in computing its income, add this amount to the S corporation or partnership income and recompute your pro rata share as Idaho does not allow this deduction in computing Idaho adjusted income.

LINE 3 Enter your Idaho adjusted income from line 13, Form 40.

LINE 4 Divide line 2 by line 3. Round the percentage to the nearest whole number. For example, 45.49% should be entered as 45%; 45.50% should be entered as 46%.

LINE 6 Enter the other state's tax due from its tax table or rate schedule less its income tax credits. If your income derived in the other state was reported on a composite or group return filed by an S corporation or partnership, enter your pro rata share of the tax paid by the S corporation or partnership less your pro rata share of the income tax credits. Income tax credits are those credits that relate to income tax. An example of a credit that is not an income tax credit is a special fuels or gasoline tax credit or refund.

LINE 7 Your allowable credit for tax paid to other states is the smaller of line 5 or line 6. Enter this amount on line 24 of Form 40.

PART D. MAINTAINING A HOME FOR A FAMILY MEMBER AGE 65 OR OLDER OR A FAMILY MEMBER WITH A DEVELOPMENTAL DISABILITY

If you did not claim the \$1,000 deduction on line 14 of Part B above, you may claim a \$100 credit for maintaining a home for an immediate family member age 65 or over or a family member with a developmental disability. Refer to the instructions for Part B, line 14. If the home was maintained for the family member less than a full year, the credit is allowed at the rate of \$8.33 for each month the home was maintained.

You may claim this credit if your gross income is less than the filing requirement. File Form 40 and attach Form 39R to your return. Only full-year residents, including Idaho residents on active military duty outside Idaho, may claim this credit.

LINE 1 and 2 Answer the two questions. If you answer yes to either question, you qualify.

LINE 3 Enter the name, social security number, relationship, and date of birth of your family member(s) for whom you maintain a home and provide more than one-half of their support. If the claim is for a family member with a developmental disability, check the box.

LINE 4 Carry the total to line 48, Form 40.

FORM 39NR

Complete Form 39NR if you are filing Form 43. If you are filing a Form 40, complete Form 39R.

PART A. ADDITIONS

LINE 1 NON-IDAHO STATE AND LOCAL BOND INTEREST

Column A: Enter the amount of interest and dividends you received from municipal bonds of other state governments, including their counties or cities, or from obligations of any foreign country. This income is not reported on your federal return.

Column B: Enter any amount in Column A earned while an Idaho resident or part-year resident.

LINE 2 IDAHO COLLEGE SAVINGS ACCOUNT WITHDRAWAL

If you make a nonqualified withdrawal from an Idaho college savings account, enter the amount withdrawn less any amounts reported on your federal Form 1040.

LINE 3 OTHER ADDITIONS

Complete this worksheet, using the instructions below to determine your other additions.

	Column A	Column B
1. Net operating loss carryforward	-----	-----
2. Capital loss carryforward	-----	-0-
3. Retirement plan lump-sum distributions	-----	-----
4. Partners and shareholders Idaho additions	-----	-----
5. Idaho medical savings account withdrawals	-----	-----
6. Total. Add lines 1 through 5. Enter these amounts in the appropriate columns on line 3	-----	-----

NET OPERATING LOSS CARRYFORWARD

Column A: Enter the net operating loss carryforward included on your federal return. The federal net operating loss carryforward is not the same as Idaho's. The Idaho net operating loss carryforward is reported on line 1, Part B.

Column B: Enter any portion of the federal net operating loss carryforward included on line 21, Form 43.

CAPITAL LOSS CARRYFORWARD

Column A: Enter any capital losses included on line 13, federal Form 1040 that were incurred in another state or capital losses from business activities not taxable by Idaho.

Column B: Make no entry in Column B.

RETIREMENT PLAN LUMP-SUM DISTRIBUTIONS

Column A: Enter the taxable amount of a lump-sum distribution from a retirement plan not included on line 16a, federal Form 1040 or line 12a, federal Form 1040A. This is the amount eligible for the federal capital gain election or 10-year tax option on federal Form 4972.

Column B: Enter any amount in Column A received while an Idaho resident.

PARTNER AND SHAREHOLDER IDAHO ADDITIONS

Column A and Column B: Partners and shareholders must include their share of the Idaho additions to partnership and S corporation income not included on the federal Schedule K-1. This information is available from the preparer of the partnership or S corporation return. For example, interest income from other states not taxable for federal purposes is not included on a federal Schedule K-1. The partner/shareholder must report that interest income on this line.

IDAHO MEDICAL SAVINGS ACCOUNT WITHDRAWALS

Columns A and B: Idaho medical savings account withdrawals not used to pay eligible medical expenses must be reported here. See instructions for line 8, Part B.

PART B. SUBTRACTIONS

LINE 1 IDAHO NET OPERATING LOSS CARRYFORWARD

Columns A and B: Use Idaho Form 56 to compute your allowable Idaho loss carryforward. Do not include losses from sources that were not taxable by Idaho or that were incurred before becoming a resident or part-year resident.

LINE 2 STATE INCOME TAX REFUND

Column A: Enter all state income tax refunds included on line 10, federal Form 1040.

Column B: Make no entry.

LINE 3 INTEREST FROM U.S. GOVERNMENT OBLIGATIONS

The interest income received from obligations of the U.S. Government is not subject to the Idaho tax. Examples of obligations of the U.S. Government include, but are not limited to:

- Banks for Cooperatives
- Federal Farm Credit Banks
- Federal Financing Bank
- Federal Homeowners Loan Bank
- Federal Intermediate Credit Bank
- Federal Land Bank
- Guam
- Puerto Rico
- Student Loan Marketing Association
- Tennessee Valley Authority Bonds
- Territory of Alaska
- Territory of Hawaii
- Territory of Samoa
- U.S. Series EE and HH Bonds
- U.S. Treasury Bills and Notes
- Virgin Islands

Interest income received from the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) is not paid by the U.S. Government and is subject to Idaho income tax.

Column A: Enter the interest income you received from obligations of the U.S. Government if included on line 8a, federal Form 1040 or line 8a, federal Form 1040A.

Column B: Enter the interest income you received from obligations of the U.S. Government if included on line 10, Form 43.

LINE 4 CHILD AND DEPENDENT CARE

If you were able to claim the federal Credit for Child and Dependent Care Expenses, you are allowed an Idaho deduction for the child care expenses you paid for the care of your dependents. The Idaho deduction is a different amount than the federal credit.

Complete this worksheet to determine your Idaho child or dependent care deduction. Refer to federal Form 2441 to determine amounts to enter on lines 1 through 6.

1. Enter the amount of qualified expenses you incurred and paid in 2001. Do not include amounts paid by your employer.
2. Enter \$2,400 for one child or dependent, \$4,800 for more than one child or dependent, cared for during the year.
3. Enter excluded benefits from federal Form 2441, Part III
4. Subtract line 3 from line 2. If zero or less, stop. You cannot claim the deduction.
5. Enter your earned income.
6. If married filing a joint return, enter your spouse's earned income. All others enter the amount from line 5.

FORM 39NR

7. Enter the smallest of line 1, 4, 5, or 6 here and on line 4, Part B, Column A, Form 39NR. _____
8. If married filing a joint return, enter the total of lines 5 and 6 that are from Idaho sources. All others enter the amount from line 5 from Idaho sources. _____
9. If married filing a joint return, enter the total of lines 5 and 6. All others enter the amount from line 5. _____
10. Divide line 8 by line 9. _____ %
11. Multiply line 10 by line 7. Enter this amount here and on line 4, Part B, Column B, Form 39NR. _____

Attach federal Form 2441 or Form 1040A, Schedule 2, Child and Dependent Care Expenses, to your return.

LINE 5 SOCIAL SECURITY AND RAILROAD BENEFITS

Idaho does not tax social security benefits, benefits paid by the Railroad Retirement Board, or Canada social security benefits (OAS and CPP) that are taxable on your federal return. If subtracting benefits from the Railroad Retirement Board, attach Form RRB-1099 or RRB-1099-R.

Column A: Enter the amounts of these benefits if they were included in income on lines 16b and 20b, federal Form 1040 or lines 12b and 14b, federal Form 1040A.

Column B: Make no entry.

LINE 6 IDAHO CAPITAL GAINS DEDUCTION

Columns A and B: If you had a net capital gain from the sale of Idaho property described below, you may deduct 80% of the net capital gain that has not already been deducted on federal Schedule D.

- (a) Real property held for at least 18 months, or
- (b) Tangible personal property used in a revenue-producing enterprise and held for at least 12 months. A revenue-producing enterprise means:
 - 1) Producing, assembling, fabricating, manufacturing or processing any agricultural, mineral or manufactured product;
 - 2) Storing, warehousing, distributing or selling at wholesale any products of agriculture, mining or manufacturing;
 - 3) Feeding livestock at a feedlot;
 - 4) Operating laboratories or other facilities for scientific, agricultural, animal husbandry or industrial research, development or testing.
- (c) Cattle and horses held for at least 24 months, and other livestock used for breeding held for at least 12 months, if the owner received more than one-half of his gross income from farming or ranching in Idaho, or
- (d) Timber held for at least 24 months.

NOTE: Gains from the sale of stocks and other intangibles do not qualify.

Complete Idaho Form CG to compute your Idaho capital gains deduction.

LINE 7 IDAHO RESIDENT-MILITARY PAY EARNED OUTSIDE OF IDAHO

Column A: Do not enter anything in this column.

Column B: If you are an Idaho resident on active military duty outside of Idaho, your active duty military wages are not subject to Idaho tax. Enter the amount of such wages in column B, line 7, if included on line 9, Form 43.

National Guard or Reserve pay, including annual training pay, generally does not qualify. However, if you were on active duty for a continuous 120 days or more, you may deduct the military pay earned outside of Idaho. The continuous 120 days do not have to

be in the same tax year. Your wage and tax statement (W-2) does not show this amount separately and you may have to compute the amount of income earned outside of Idaho. You should see your unit of assignment or use your orders in making this computation. Attach a copy of your worksheet and military orders.

LINE 8 IDAHO MEDICAL SAVINGS ACCOUNT CONTRIBUTIONS AND INTEREST

Columns A and B: You may contribute up to \$2,000 (\$4,000 if married) to an Idaho medical savings account and deduct the contribution. Deductible contributions do not include reimbursements that were redeposited into your Idaho medical savings account. Do not include amounts deducted on line 25, federal Form 1040.

An Idaho medical savings account is generally established with a bank, savings and loan, or credit union. The account is established to pay eligible medical expenses of the account holder and the account holder's dependents. Eligible medical expenses include medical, vision and dental care, medical insurance premiums and long-term care expenses.

Any interest earned on the account is included on line 8. Add your qualifying contributions to the interest earned on the account, and enter the total on line 8.

If you withdraw funds from an Idaho medical savings account and do not use the funds to pay eligible medical expenses, the withdrawal is subject to Idaho tax. Report this amount as an other addition, line 3, Part A.

If you make a withdrawal that is subject to tax and you are under age 59 1/2, the withdrawal is subject to penalty. The penalty is 10% of the amount withdrawn. Report the penalty on line 77, Form 43.

LINE 9 IDAHO COLLEGE SAVINGS PROGRAM

You may contribute up to \$4,000 (\$8,000 if married filing a joint return) per year to a qualified Idaho college savings program and deduct the contribution. The account must be established with TIAA-CREF Tuition Financing, Inc. The account owner and beneficiary will be designated at the time the account is established. The account owner will have the right to make withdrawals for payment of higher education expenses for the beneficiary. A nonqualified withdrawal will result in a penalty up to 10% of the withdrawal amount. The person that withdraws the funds must report the withdrawal amounts as income in accordance with Internal Revenue Code Section 529.

LINE 10 ADOPTION EXPENSES

Column A: If you adopt a child, you may deduct the expenses incurred in the adoption. You may claim legal and medical expenses incurred up to a maximum of \$3,000 per adoption. Travel expenses do not qualify. If the expenses are incurred in two or more years, deduct the costs in the year paid until the \$3,000 limit has been met. The expenses related to an unsuccessful attempt to adopt are not deductible. If expenses were claimed in a year prior to the unsuccessful attempt to adopt, file an amended return to add back any deduction claimed for the unsuccessful attempt.

Column B: Enter the amount included in Column A in the proportion that total Idaho income bears to total income from all sources. Complete this worksheet.

1. Total Idaho income from line 22, Form 43. _____
2. Total income from line 22, federal Form 1040 or line 15, federal Form 1040A. _____
3. Divide line 1 by line 2. _____ %
4. Total adoption expenses from line 1, Column A. _____
5. Multiply line 4 by line 3. Enter this amount on line 10, Column B. _____

FORM 39NR

LINE 11 MAINTAINING A HOME FOR AGED AND/OR DEVELOPMENTALLY DISABLED

Columns A and B: You may deduct \$1,000 for each family member, not including yourself or your spouse, who is age 65 or older and for whom you maintain a household and provide more than one-half of his support for the year.

You may deduct \$1,000 for each family member, including yourself and your spouse, who is developmentally disabled and for whom you maintain a household and provide more than one-half of his support for the year.

No more than three deductions of \$1,000 are allowed.

Developmental disability means a chronic disability which:

1. Is attributable to an impairment such as:
 - Mental retardation
 - Cerebral palsy
 - Epilepsy
 - Autism
 - Other condition found to be closely related to, or similar to, one of these impairments; and
2. Results in substantial functional limitation in three or more of the following areas of life activity:
 - Self-care
 - Receptive and expressive language
 - Learning
 - Mobility
 - Self-direction
 - Capacity for independent living
 - Economic self-sufficiency; and
3. Reflects the need for a combination and sequence of special, interdisciplinary or generic care, treatment or other services which are of lifelong or extended duration and individually planned and coordinated.

If the home was maintained for the family member for less than a full year, the deduction is allowed at the rate of \$83.33 for each month the home was maintained.

A family member is any person who meets the relationship test to be claimed as a dependent on income tax returns. Refer to the federal Form 1040 instructions for more information on dependents.

Maintaining a household means paying more than one-half the expenses incurred for the benefit of all the household's occupants. Social Security benefits are not support provided by you but must be included in the computation of total support provided. Some examples of expenses of maintaining a household include: property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance and food consumed on the premises.

The amounts entered in Columns A and B must be the same.

LINE 12 IDAHO LOTTERY WINNINGS

Columns A and B: Enter the amount of Idaho lottery prizes of less than \$600 per award included in other income on line 21, Form 43. The amounts entered in Columns A and B must be the same.

LINE 13 INCOME EARNED ON A RESERVATION BY AN AMERICAN INDIAN

Column A: Do not enter anything in Column A.

Column B: American Indians who are enrolled members of a federally recognized tribe and who live and work on a reservation may deduct all income received from reservation sources if the income is included on the front of Form 43. Income earned off the reservation cannot be deducted, nor can income earned on the reservation if you live off the reservation.

LINE 14 WORKER'S COMPENSATION INSURANCE

Columns A and B: A self-employed individual may deduct the actual cost of amounts paid for worker's compensation insurance coverage in Idaho, if the cost is not deducted elsewhere.

Do not enter amounts paid for coverage in other states. The amounts entered in Columns A and B must be the same.

LINE 15 PARTNERS AND SHAREHOLDERS

Column A: Partners and shareholders may deduct their proportional share of the Idaho subtractions from partnership and S corporation income. This information is available from the preparer of the partnership or S corporation return. For example: Interest income from federal obligations is not taxable for Idaho purposes but is included on the federal Schedule K-1. The partner/shareholder may deduct that interest income here.

Column B: Enter your Idaho apportioned share of the Idaho subtractions from partnership and S corporation income.

LINE 16 INSULATION OF AN IDAHO RESIDENCE

Columns A and B: You may be able to deduct the amount you paid to install additional insulation in your Idaho residence. To qualify for this deduction, your Idaho home must have existed, been under construction, or had a building permit issued on or before January 1, 1976. The insulation must be in addition to any existing insulation and may not be a replacement, e.g. replacing double pane windows with triple pane windows does not qualify. Insulation means any material commonly used in the building industry and installed to retard the passage of heat into or out of a building, such as fiberglass, rock wool, weather stripping, double-pane windows, storm doors and storm windows.

Insulated siding does not qualify unless the cost of the siding and the insulating material is separately identified, in which case the cost of the insulating material alone qualifies.

The amount charged for labor to install the insulation is also deductible.

LINE 17 TECHNOLOGICAL EQUIPMENT DONATION

Columns A and B: Enter the fair market value of technological equipment donated to a public elementary or secondary school, public or private college or university, public library, or library district located in Idaho. Items that qualify for this deduction are limited to computers, computer software, and scientific equipment or apparatus manufactured within five years of the date of donation. The amount deducted may not reduce Idaho taxable income to less than zero. Any unused deduction cannot be carried to another year.

LINE 18 HEALTH INSURANCE PREMIUMS

Deduct premiums you paid for health insurance for yourself and your dependents if those premiums have not already been deducted or excluded from your income. Premiums paid through a cafeteria plan or other salary-reduction arrangement and premiums deducted as a business expense do not qualify for this deduction.

LINE 19 LONG-TERM CARE INSURANCE

Deduct 50% of the amount you paid in premiums for long-term care insurance.

LINE 20 ALTERNATIVE ENERGY DEVICE DEDUCTION

Columns A and B: If you install an alternative energy device in your Idaho residence, you may deduct a portion of the amount actually paid or accrued (billed but not paid).

Qualifying devices include:

- a system using solar radiation, wind or geothermal resource primarily to provide heating or cooling, to produce electrical power, or any combination

FORM 39NR

- a fluid-to-air heat pump operating on a fluid reservoir heated by solar radiation or geothermal resource but not an air-to-air heat pump unless it uses geothermal resources as part of the system
- a natural gas or propane heating unit that replaces a noncertified wood stove
- an Environmental Protection Agency (EPA)-certified wood stove or pellet stove meeting the most current industry and state standards that replaces a noncertified wood stove

A noncertified wood stove is a wood stove that does not meet the most current EPA standards. The noncertified wood stove must be taken to a site authorized by the Division of Environmental Quality (DEQ) within 30 days from the date of purchase of the qualifying device.

The natural gas or propane heating unit and the EPA-certified wood stove or pellet stove must be installed in the same tax year that the nonqualifying wood stove is turned in to the DEQ.

In the year the device is placed in service, you can deduct 40% of the cost to construct, reconstruct, remodel, install or acquire the device, but not more than \$5,000.

In the next three years after installation, you can deduct 20% of these costs per year, but not more than \$5,000 in any year.

LINES 20a - 20d Complete the line(s) that apply to the year you acquired the device(s). For example, if your device was acquired in 1998, complete line 20d. Enter the type of device and total cost. Multiply the total cost by the appropriate percentage.

LINE 22 RETIREMENT BENEFITS DEDUCTION

If you are age 65 or older, or if you are disabled and age 62 or older, you may be able to deduct some of the retirement benefits and annuities you receive. You cannot claim this deduction if you file married filing separate. The following are qualified retirement benefits:

- Civil Service Employees: Retirement annuities paid by the United States to a retired civil service employee or the unremarried widow of the employee if the recipient is age 65 or older, or disabled and age 62 or older.
- Idaho Firemen: Retirement benefits paid from the firemen's retirement fund of the state of Idaho to a retired fireman or the unremarried widow of a retired fireman if the recipient is age 65 or older, or disabled and age 62 or older.
- Policemen of an Idaho city: Retirement benefits paid from the policemen's retirement fund of a city within Idaho to a retired policeman or the unremarried widow of a retired policeman if the recipient is age 65 or older, or disabled and age 62 or older.
- Servicemen: Retirement benefits paid by the United States to a retired member of the U.S. military service or the unremarried widow of such member if the recipient is age 65 or older, or disabled and age 62 or older.

The amount deducted must be reduced by retirement benefits paid under the Federal Social Security Act and the Federal Railroad Retirement Act.

The maximum amounts that may be deducted for 2001 are:

Married filing jointly:

- age 65 or older \$27,648
- age 62 or older and disabled \$27,648

Single:

- age 65 or older \$18,432
- age 62 or older and disabled \$18,432

LINE 22a Enter \$27,648 or \$18,432, whichever is applicable to your filing status. Note: Only one deduction is allowed even though you and your spouse may receive more than one annuity.

LINE 22b Enter the amount of retirement benefits you (and your spouse) received under the Federal Railroad Retirement Act, Box 5 of your Forms RRB-1099.

LINE 22c Enter the amount of retirement benefits you (and your spouse) received under the Federal Social Security Act, Box 5 of your Forms SSA-1099. If you or your spouse receive Canadian social security benefits that are included in your federal taxable income, include those amounts received.

LINE 22d Subtract lines 22b and 22c from line 22a.

LINE 22e Enter the amount of qualified retirement benefits included on line 30, Column A of Form 43.

LINE 22f Enter the smaller of line 22d or 22e.

LINE 22g Enter the amount of qualified retirement benefits included in Idaho gross income. This amount must have been included on line 30, Column B of Form 43.

LINE 22h Divide line 22g, Column B, by line 22f, Column A. Round the percentage to the nearest whole number. For example, 45.49% should be entered as 45%; 45.50% should be entered as 46%.

LINE 22i Multiply the percentage on line 22h by the amount on line 22f.

LINE 23 Other subtractions

Columns A and B: Identify any other subtraction to which you are entitled and claim the amount on this line.

LINE 24 Total subtractions

Total Columns A and B and enter the amounts on Form 43, line 33.

PART C. INCOME TAX PAID TO OTHER STATES BY PART-YEAR RESIDENTS

NONRESIDENTS DO NOT QUALIFY FOR THIS CREDIT.

When the same income is taxed by both Idaho and another state, you may be entitled to a credit for tax paid to the other state. Use this section to compute the credit. You must attach a copy of the other state's income tax return and Idaho Form 39NR to your income tax return. If your S corporation or partnership paid income tax to another state, attach a copy of your Schedule K-1. If credit applies to more than one state, use a separate Form 39NR for each state.

Examples of income that may be taxed by both Idaho and another state include:

- Wages earned in another state that has an income tax, such as Oregon or Utah, while living in Idaho.
- Income from a business or profession earned in another state that has an income tax, while a resident of Idaho.

LINE 1 Enter your Idaho adjusted income from line 34, Column B, Form 43.

LINE 2 Enter the amount of Idaho adjusted income derived in the other state. In computing the income derived in the other state, you must reverse any adjustments to federal taxable income allowed by the other state that are not applicable to Idaho. If you reported your income derived in the other state by filing an:

- Individual return, enter your adjusted gross income from the other state restated to a basis comparable to Idaho adjusted income. For example, if the other state taxes interest received from U.S. obligations, deduct this amount from the other state's adjusted gross income as Idaho does not tax this interest.

FORM 39NR

- S corporation or partnership composite or group return, enter your pro rata share of the S corporation or partnership income derived in the other state. The corporation's or partnership's income must be restated to a basis comparable to Idaho adjusted income. For example, if the S corporation or partnership deducted state income taxes in computing its income, add this amount to the S corporation or partnership income and recompute your pro rata share as Idaho does not allow this deduction in computing Idaho adjusted income.

LINE 3 Enter the amount from the above lines that will be taxed by both states.

LINE 4 Enter the tax shown on line 45, Form 43.

LINE 5 Divide line 3 by line 1. Round the percentage to the nearest whole number. For example, 45.49% should be entered as 45%; 45.50% should be entered as 46%.

LINE 7 Enter the other state's tax due from its tax table or rate schedule less its income tax credits. If your income derived in the other state was reported on a composite or group return filed by an S corporation or partnership, enter your pro rata share of the tax paid by the S corporation or partnership less your pro rata share of the income tax credits. Income tax credits are those credits that relate to income tax. An example of a credit that is not an income tax credit is a special fuels or gasoline tax credit or refund.

LINE 8 Divide line 3 by line 2. Enter the percentage rounded to the nearest whole number.

LINE 10 Your allowable credit for income tax paid to other states is the smaller of line 6 or line 9. Enter this amount on line 46, Form 43.

PART D. INCOME TAX PAID TO OTHER STATES BY IDAHO RESIDENTS ON ACTIVE MILITARY DUTY

When the same income is taxed by both Idaho and another state, you may be entitled to a credit for tax paid to the other state. Use this section to compute the credit. You must attach a copy of the other state's income tax return and Idaho Form 39NR to your income tax return. If your S corporation or partnership paid income tax to another state, attach a copy of your Schedule K-1. If credit applies to more than one state, use a separate Form 39NR for each state.

Examples of income that may be taxed by both Idaho and another state include:

- Wages earned in another state that has an income tax, such as Oregon or Utah, while living in Idaho.
- Income from a business or profession earned in another state that has an income tax, while a resident of Idaho.

LINE 1 Enter the tax shown on line 45, Form 43.

LINE 2 Enter the amount of Idaho adjusted income derived in the other state. In computing the income derived in the other state, you must reverse any adjustments to federal taxable income allowed by the other state that are not applicable to Idaho. If you reported your income derived in the other state by filing an:

- Individual return, enter your adjusted gross income from the other state restated to a basis comparable to Idaho adjusted income. For example, if the other state taxes interest received from U.S. obligations, deduct this amount from the other state's adjusted gross income as Idaho does not tax this interest.
- S corporation or partnership composite or group return, enter your pro rata share of the S corporation or partnership income derived in the other state. The corporation's or partnership's income must be restated to a basis comparable to Idaho adjusted income. For example, if the S corporation or partnership deducted state income taxes in computing its income, add this amount to the S corporation or partnership income and recompute your pro rata share as Idaho does not allow this deduction in computing Idaho adjusted income.

LINE 3 Enter your Idaho adjusted income from line 34, Column B, Form 43.

LINE 4 Divide line 2 by line 3. Round the percentage to the nearest whole number. For example, 45.49% should be entered as 45%; 45.50% should be entered as 46%.

LINE 6 Enter the other state's tax due from its tax table or rate schedule less its income tax credits. If your income derived in the other state was reported on a composite or group return filed by an S corporation or partnership, enter your pro rata share of the tax paid by the S corporation or partnership less your pro rata share of the income tax credits. Income tax credits are those credits that relate to income tax. An example of a credit that is not an income tax credit is a special fuels or gasoline tax credit.

LINE 7 Your allowable credit for income tax paid to other states is the smaller of line 5 or line 6. Enter this amount on line 46, Form 43.

PART E. MAINTAINING A HOME FOR A FAMILY MEMBER AGE 65 OR OLDER OR A FAMILY MEMBER WITH A DEVELOPMENTAL DISABILITY

If you did not claim the \$1,000 deduction on line 11 of Part B, you may claim a \$100 credit for maintaining a home for an immediate family member age 65 or over or a family member with a developmental disability. Refer to the instructions for Part B, line 11. If the home was maintained for the family member less than a full year, the credit is allowed at the rate of \$8.33 for each month the home was maintained.

You may claim this credit if your gross income is less than the filing requirement. File Form 43 and attach Form 39NR to your return. Only full-year residents, including Idaho residents on active military duty outside Idaho, may claim this credit.

LINES 1 and 2 Answer the two questions. If you answer yes to either question, you qualify.

LINE 3 Enter the name, social security number, relationship, and date of birth of your family member(s) for whom you maintain a home and provide more than one-half of their support. If the claim is for a family member with a developmental disability, check the box.

LINE 4 Carry the total to line 68, Form 43.

TAX TABLES can be found on the following link:
http://www2.state.id.us/tax/forms_indiv_01.htm

These instructions do not provide a comprehensive explanation of Idaho tax laws or rules. Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Section 60-202, Idaho Code.