

Name of employee	Social Security Number	Name of Enterprise Zone _____ Date of residence in Enterprise Zone: From _____ To _____
Employee's street address		Amount of compensation for tax year during the period of residence in the Enterprise Zone: \$ _____
City of residence		Caution: Limitation of Deduction Enter 1/2 of the above amount or \$7,500, whichever is less: \$ _____

Employer	Address	Federal Employer Identification Number	
I certify that the above-named employee was paid the amount indicated as compensation for services rendered, and that he/she is a qualified employee as defined in IC 6-3-2-8.			
Signature of employer	Title	Telephone number	Date

Instructions for Completing Schedule IT-40QEC

Schedule IT-40QEC is to be completed by the enterprise zone employer and distributed to its qualified employee(s). The qualified employee should claim this deduction on IT-40 Schedule 2 or IT-40PNR Schedule C. The employee must enclose the IT-40QEC with the state individual income tax return to support any claimed deduction of earned enterprise zone income.

Indiana Code IC 6-3-2-8 defines a "qualified employee" as an individual who:

1. Has a principal place of residency in the enterprise zone where employed;
2. Performs services for the employer 90 percent of which are directly related to the conduct of the employer's trade or business located in an enterprise zone;
3. Performs services for the employer at least 50 percent of the time during the taxable year within an Indiana state enterprise zone; and
4. Is employed by a business that remains eligible to receive benefits and incentives as provided by enterprise zone legislation.

Portions of certain Indiana cities are designated as state enterprise zones. **A qualified employee living and working in a designated enterprise zone may be entitled to deduct from state adjusted gross income one-half of the enterprise zone income earned for services or \$7,500, whichever is less.** Enterprise zone income means wages, salaries, commissions and any other forms of remuneration paid to qualified employees for services by an enterprise zone employer, minus any IRA deductions directly related to that earned income.

For a listing of all current enterprise zones and contact information for each zone please visit www.aiez.org/#mem.

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