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Schedule IN-CR
Form IT-40/IT-40PNR
State Form 56680
(R6 / 9-25)

Indiana Department of Revenue
Credit Recapture

2025


Enclosure
Sequence No. 11

Name(s) shown on Form IT-40/Form IT-40PNR

Your Social Security Number

Complete this schedule if you are reporting a recapture of an offset credit that was claimed in a prior year. See instructions.

Column A	Column B	Column C	Column D	Column E
Enter Offset Credit Name	Place "X" in Box if K-12 Credit	Account Number, Certification Number, etc.	Offset Credit 3-Digit Code	Amount of Offset Credit to be Recaptured
1.			R	00
2.			R	00
3.			R	00
4.			R	00
5.			R	00
6.			R	00
7.			R	00
8.			R	00
9. Add amounts from Column E, lines 1 through 8 (add additional sheets if necessary). Enter here and on Form IT-40 Schedule 4, line 3, or Form IT-40PNR Schedule E, line 3 Total Amount Recaptured				00


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Schedule IN-CR Instructions

Use Schedule IN-CR if you have an income tax credit that must be recaptured (paid back).

Important. The recapture of credits awarded by the Indiana Economic Development Corporation (IEDC) should not be reported on this schedule. You will be contacted by IEDC and/or the Indiana Department of Revenue regarding repayment or reduction of those credits.

Currently, Indiana has five offset (non-refundable) credits that may need to be paid back:

- ABLE 529A Account Credit (872)
- Employer Child Care Expenditure Credit (876)
- Indiana529 Education Savings Plan Credit (837)
- Physician Practice Ownership Tax Credit (880)
- Residential Historic Rehabilitation Credit (831)

ABLE 529A Account Credit Recapture

An owner of an ABLE 529A account who makes a non-qualified withdrawal during the year must repay all or a part of any Indiana tax credit allowed. The account owner must complete and enclose Schedule IN-CR with his or her Indiana income tax return (Forms IT-40 or IT-40PNR).

Account owner. The account owner is the individual or entity (such as an individual, trust, estate, partnership, etc.) who has the right to withdraw funds on behalf of the eligible individual for whom the ABLE 529A account is established.

Qualified withdrawal. This is a withdrawal or distribution from an ABLE 529A account related to the eligible individual's disability or blindness. This includes:

- Education
- Housing
- Transportation
- Employment training and support
- Assistive technology and personal support services
- Health
- Prevention and wellness
- Management and administration
- Legal fees
- Oversight and monitoring
- Funeral and burial
- Other expenses approved by the federal government for a qualified ABLE program

Non-qualified withdrawal. This is a withdrawal or distribution from an ABLE 529A account that is:

- Not a qualified withdrawal;
- A withdrawal or distribution from an account that is closed within 12 months after the account is opened;
- A rollover distribution or transfer from the ABLE 529A or any other ABLE account or a Section 529 education savings plan other than an Indiana529 education savings plan.

Employer Child Care Expenditure Tax Credit

If you previously claimed the credit for an Indiana qualified child care facility and any of the following occur:

- Cessation of the operation of the Indiana qualified child care facility as an Indiana qualified child care facility;
- A change in ownership of an Indiana qualified child care facility for which a credit was allowed under this chapter, unless the person acquiring an interest agrees to assume the recapture liability of the person disposing of an interest; or

- The use of an Indiana qualified child care facility for the enrollment of a child from any individual who is not an employee of the taxpayer.

In the case of a change in ownership, the first and third bullets above apply to the new owner(s).

The amount of credit recapture is 100% for the first year after the first credit was allowed, reduced by 20% for each year after the credit was first allowed. In the sixth year after the credit was first allowed, no recapture is required.

Indiana529 Education Savings Plan Credit Recapture

An owner of an Indiana529 Education Savings Plan account who makes a non-qualified withdrawal during the year must repay all or a part of any Indiana tax credit allowed. The account owner must complete and enclose Schedule IN-CR with his or her Indiana income tax return (Forms IT-40 or IT-40PNR).

Account owner. The account owner is the individual or entity (such as an individual, trust, estate, partnership, etc.) who has the right to select or change a beneficiary, and to control the distribution of the funds.

Qualified withdrawal. This is a withdrawal or distribution from an Indiana529 education savings plan account that is made:

- To pay for qualified higher education expenses;
- Because of the death or disability of an account beneficiary;
- Because an account beneficiary received a scholarship that paid all or part of their qualified higher education expenses;
- Because of a transfer of funds by the plan from one third party custodian to another.

Non-qualified withdrawal. This is a withdrawal or distribution from an Indiana529 education savings plan that is:

- Not a qualified withdrawal;
- A withdrawal or distribution from an account that is closed within 12 months after the account is opened;
- A rollover distribution or transfer from the Indiana529 education savings plan to any other Code Section 529 plan or ABLE account.

For more details, get Information Bulletin #98 at www.in.gov/dor/files/ib98.pdf.

Physician Practice Ownership Tax Credit

If you claimed the Physician Practice Ownership Tax Credit and you:

- Have sold, transferred, granted, or otherwise relinquished the your ownership interest in a physician-owned medical practice; and
- You are employed by a health system or another non-physician owned medical practice;

you must recapture any previously-claimed credits within five years of the receipt of the tax credit.

Residential Historic Rehabilitation Credit Recapture

An individual who has previously claimed this credit must repay it if certain conditions are met.

Specifically, the residential historic rehabilitation credit must be paid back if:

- The property is transferred less than five years after completion of the certified preservation or rehabilitation work; or



- Less than five years after completion of the certified preservation or rehabilitation, additional modifications to the property are undertaken that do not meet the standards of the Office of Community and Rural Affairs.

Lines 1 – 9 Instructions

Column A. Enter the name of the offset credit that is being paid back.

Column B. Place an "X" in the box if the non-qualified withdrawal was based on a K-12 contribution* to your Indiana529 Education Savings Plan Credit.

Column C. For the ABLE 529A Account Credit, enter the account number(s) from which you made a non-qualified withdrawal. For the Employer Child Care Expenditure Credit, enter "1". For the Indiana529 Education Savings Plan, enter the account number(s) from which you made a non-qualified withdrawal(s). For the Physician Practice Ownership Tax Credit, enter your license number, including leading zeros but not including any letters after the number. Enter any associated account or certification number if the recapture is for the Residential Historic Rehabilitation Credit.

Column D. Enter 3-digit code number 872 if the recapture is for the ABLE 529A Account Credit. Enter 3-digit code number 876 if the recapture is for the Employer Child Care Expenditure Credit. Enter 3-digit code number 837 if the recapture is for the Indiana529 Education Savings Plan Credit. Enter 3-digit code 880 if the recapture is for the Physician Practice Ownership Tax Credit. Enter 3-digit code 831 if the recapture is for the Residential Historic Rehabilitation Credit.

Column E

- For the ABLE 529A Account Credit, multiply the amount of non-qualified withdrawal(s) made during the year for each account listed in Column A by 20 percent (.20). Enter the result in Column E.
- For the Employer Child Care Expenditure Credit, enter the amount of credits previously claimed in Column E.
- For the Indiana529 Education Savings Plan Credit, multiply the amount of non-qualified withdrawal(s) made during the year for each account listed in Column A by 20 percent (.20). Enter the result in Column E.*
- For the Physician Practice Ownership Tax Credit, enter the amount of credits previously claimed in Column E.
- For the Residential Historic Rehabilitation Credit, enter the total amount of the credit previously claimed in Column E.

Example. John owns an Indiana529 Education Savings Plan Account he set up for his son. He made two \$300 non-qualified withdrawals from this account during the year. He will multiply \$600 times 20% and enter the \$120 result in Column E.

Example. Anna previously claimed a \$1,200 Residential Historic Rehabilitation Credit. She sold the property on which the credit was granted less than five years from when the work was completed. She will enter the entire \$1,200 in Column E.

* **Important.** If the non-qualified withdrawal was based on funds contributed to your 2018 K-12 account, multiply the non-qualified withdrawal by 10 percent (.10). Enter the result in Column E.

Line 9

Enter the total of all amounts reported in Column E. Carry the total to Form IT-40, Schedule 4, line 3; or Form IT-40PNR, Schedule E, line 3.

Attach additional sheets if you made non-qualified withdrawals or have credit recaptures from more than eight accounts or certifications.

Filing Requirements

- If filing electronically, maintain a copy of this schedule with your records as DOR will request it at a later date.
- If filing by paper, make sure to enclose a copy of this schedule to your individual income tax return, Form IT-40 or IT-40PNR.