



Enter name(s) as shown on Form 740-NP, page 1.

Social Security Number

Interest Expense	1	Home mortgage interest and points reported to you on federal Form 1098	1		00	
	2	Home mortgage interest not reported to you on federal Form 1098 (if paid to an individual, show that person's name and address) _____	2		00	
	See instructions for lines 3 and 4.					
	3	Points not reported to you on federal Form 1098	3		00	
	4	RESERVED	4		00	
	5	Total interest. Add the amounts on lines 1 through 4. Enter here..... ➤	5		00	
Contributions <i>Note: For any contribution of \$250 or more, see instructions.</i>	6	Contributions by cash or check.....	6		00	
	7	Other than cash or check (attach federal Form 8283 if over \$500).....	7		00	
	8	Carryover from prior year	8		00	
	9	Total contributions. Add the amounts on lines 6 through 8. Enter here..... ➤	9		00	
Other Miscellaneous Deductions	10	Other (see instructions) _____ _____ ➤	10		00	
Total Itemized Deductions	11	Add the amounts on lines 5, 9, and 10. Enter here ➤	11		00	
<ul style="list-style-type: none"> If married filing separate returns, or spouse is not filing a Kentucky return, complete lines 12 through 15 below. If single or married filing jointly, enter total deductions (line 11 above) on Form 740-NP, page 1, line 11. 						
	12	Enter your income from Form 740-NP, page 1, line 8.....	12		00	
	13	Enter joint or combined <i>federal</i> Adjusted Gross Income	13		00	
	14	Divide line 12 by line 13. Enter percentage	14		%	
	15	Multiply line 11 by line 14. This is your portion of total itemized deductions. Enter here and on Form 740-NP, page 1, line 11..... ➤	15		00	

INSTRUCTIONS FOR SCHEDULE A

FORM 740-NP

You may itemize your deductions for Kentucky even if you do not itemize for federal purposes. Amounts entered on Schedule A should be total deductions for the taxable period. These amounts are prorated on Form 740-NP, page 1. If you do not itemize, you may elect to take a standard deduction of \$2,530 and it does not have to be prorated.

Special Rules for Married Couples—If one spouse itemizes deductions, the other must itemize. Married couples filing a joint federal return and who wish to file separate returns for Kentucky may: (a) file separate Schedules A showing the specific deductions claimed by each; (b) file a joint Schedule A, divide the total deductions between them based on the percentage of each spouse's income to total income, and enclose a copy with each return; or (c) each spouse may claim the standard deduction of \$2,530.

INTEREST

You may deduct interest that you have paid during the taxable year on a home mortgage. You may not deduct interest paid on credit or charge card accounts, a life insurance loan, an automobile or other consumer loan, delinquent taxes or on a personal note held by a bank or individual.

Interest paid on business debts should be deducted as a business expense on the appropriate business income schedule.

You may not deduct interest on an indebtedness of another person when you are not legally liable for payment of the interest. Nor may you deduct interest paid on a gambling debt or any other nonenforceable obligation. Interest paid on money borrowed to buy tax-exempt securities or single premium life insurance is not deductible.

Line 1—List the interest and points (including "seller-paid points") paid on your home mortgage to financial institutions and reported to you on federal Form 1098.

Line 2—List other interest paid on your home mortgage and not reported to you on federal Form 1098. Show name and address.

Line 3—List points (including "seller-paid points") not reported to you on federal Form 1098. Points (including loan origination fees) charged only for the use of money and paid with funds other than those obtained from the lender are deductible over the life of the mortgage. However, points may be deducted in the year paid if all three of the following apply: (1) the loan was used to **buy, build or improve your main home**, and was secured by that home, (2) the points did not exceed the points usually charged in the area where the loan was made, and were figured as a percentage of the loan amount, and (3) if the loan was used to **buy or build** the home, you must have provided funds (see below) at least equal to the points charged. If the loan was used to **improve** the home, you must have paid the points with funds other than those obtained from the lender.

Funds provided by you include down payments, escrow deposits, earnest money applied at closing, and other amounts actually paid at closing. They do not include amounts you borrowed as part of the overall transaction.

Seller-Paid Points—If you are the buyer, you may be able to deduct points the seller paid in 2018. You can do this if the loan was used to buy your main home and the points meet item 2 above. You must reduce your basis in the home by those points, even if you do not deduct them.

The seller cannot deduct these points as interest. However, they are a selling expense that reduces the amount realized by the seller. See federal Publication 523 for information on selling your home.

This generally does not apply to points paid to refinance your mortgage. Federal rules apply. See federal Publication 936 for more information.

Line 4, Qualified Mortgage Insurance Premiums—Premiums that you pay or accrue for "qualified mortgage insurance" during 2018 in connection with home acquisition debt on your qualified home are deductible as home mortgage insurance premiums. Qualified mortgage insurance is mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and private mortgage insurance. Mortgage insurance premiums you paid or accrued on any mortgage insurance contract issued before January 1, 2007, are not deductible.

Limit on amount you can deduct. You cannot deduct your mortgage insurance premiums if the amount on Form 740-NP, line 8, is more than \$109,000 (\$54,500 if married filing separate returns). If the amount on Form 740-NP, line 8, is more than \$100,000 (\$50,000 if married filing separate returns), your deduction is limited and you must use the worksheet below to figure your deduction.

Qualified Mortgage Insurance Premiums Deduction Worksheet*See the instructions for Line 4 above to see if you must use this worksheet to figure your deduction.*

1. Enter the total premiums you paid in 2018 for qualified mortgage insurance for a contract entered into on or after January 1, 2007	1. _____
2. Enter the amount from Form 740-NP, page 1, Line 8.....	2. _____
3. Enter \$100,000 (\$50,000 if married filing separate returns).....	3. _____
4. Is the amount on Line 2 more than the amount on Line 3? <input type="checkbox"/> No. Your deduction is not limited. Enter the amount from Line 1 above on Schedule A, Line 4. <input type="checkbox"/> Yes. Subtract Line 3 from Line 2. If the result is not a multiple of \$1,000 (\$500 if married filing separate returns), increase it to the next multiple of \$1,000 (\$500 if married filing separate returns). For example, increase \$425 to \$1,000, increase \$2,025 to \$3,000; or if married filing separate returns, increase \$425 to \$500, increase \$2,025 to \$2,500, etc.	4. _____
5. Divide Line 4 by \$10,000 (\$5,000 if married filing separate returns). Enter the result as a decimal. If the result is 1.0 or more, enter 1.0.....	5. _____
6. Multiply Line 1 by Line 5.....	6. _____
7. Qualified mortgage insurance premiums deduction. Subtract Line 6 from Line 1. Enter the result here and on Schedule A, Line 4.....	7. _____

CONTRIBUTIONS

You may deduct what you actually gave to organizations that are religious, charitable, educational, scientific or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. In general, contributions deductible for federal income tax purposes are also deductible for Kentucky.

You are required to maintain receipts, cancelled checks or other reliable written documentation showing the name of the organization and the date and amount given to support claimed deductions for charitable contributions.

Separate contributions of \$250 or more require written substantiation from the donee organization in addition to your proof of payment. It is your responsibility to secure substantiation. A letter or other documentation from the qualifying charitable organization that acknowledges receipt of the contribution and shows the date and amount constitutes a receipt. This substantiation should be kept in your files. Do not send it with your return.

In addition, enter on line 7 the value of a leasehold interest property contributed to a charitable organization to provide temporary housing for the homeless. Enclose Schedule HH.

LINE 10—OTHER MISCELLANEOUS DEDUCTIONS

Use this line to report miscellaneous deductions that are NOT subject to the 2 percent adjusted gross income limit. Only the expenses listed below can be deducted on line 10.

Expenses NOT Subject to the 2 Percent Limit

Federal estate tax on income in respect of a decedent.

Amortizable bond premium on bonds acquired before October 23, 1986.

Deduction for repayment of amounts under a claim of right if more than \$3,000. See federal Publication 525.

Unrecovered investment in a pension.

List the type and amount of each expense. Enter one total on line 10. For more information on these expenses, see federal Publication 529.

LINE 11—TOTAL ITEMIZED DEDUCTIONS

Dividing Deductions Between Spouses—Married taxpayers combining itemized deductions must divide the itemized deductions if filing separate Kentucky returns or if one spouse is not filing a Kentucky return. Complete lines 12 through 15, Schedule A.