



# INDIANA DEPARTMENT OF REVENUE

Annual Report 2017





**#WeAreDOR**



October 1, 2017

The Honorable Eric J. Holcomb  
Governor, State of Indiana  
State House, Room 2016  
Indianapolis, Indiana 46204



Adam J. Krupp,  
Commissioner

## Dear Governor Holcomb,

I am honored by the opportunity to present the Indiana Department of Revenue's (DOR) annual report for Fiscal Year 2017 (*July 1, 2016 – June 20, 2017, hereinafter referred to as "FY 2017"*), as required by Indiana Code § 6-8.1-14.

FY 2017 represents a transformation for DOR, highlighted by a renewed emphasis on customer service, building and cultivating a healthy work environment, and by laying the foundation for an enterprise-wide modernization of our business processes through the launch of an Integrated Tax System Modernization Project (*hereinafter referred to as the "ITS Project"*). This ITS Project is a multi-year, once-in-a-generation implementation to bring Indiana to the forefront of innovative government.

DOR's renewed focus on providing superior customer service to Hoosiers is represented in our new Pyramid of Excellence, developed in early 2017. This symbol represents DOR's people, purpose, and passion. At its foundation is our newly-generated mission statement, "To serve Indiana by administering tax laws in a fair, secure and efficient manner." It is paired with our vision "to be recognized as the premier tax administrator in the nation and a great place to work." The key to DOR's ability to fulfill its mission and successfully achieve its lofty vision is our great people — approximately 750 hard-working, passionate Hoosiers. Further explanation of the Pyramid of Excellence can be found in subsequent pages of this report.

The ITS Project is a critical step toward securing a strong foundation for DOR's future. An innovative, customer-friendly, proven system will replace a costly legacy system that has stymied DOR's ability to deliver great government services at a great value to our customers in recent years. This transformational endeavor, however, will transition DOR to a best-in-class tax administrator featuring state-of-the-art technology and efficient business processes.

With change comes opportunity. Since January 9, 2017, when you called upon me to lead this wonderful team of fellow public servants to help take Indiana to the next level, not a day has passed where we haven't placed the needs of our citizens first as we administer the tax laws of Indiana. It's an exciting time to be a part of DOR's team.

*Sincerely,*

A handwritten signature in blue ink, appearing to read "Adam J. Krupp". The signature is fluid and cursive.

Adam J. Krupp  
Commissioner

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## OUR STORY

The Indiana Department of Revenue (DOR) was created in 1947 and has a proud 70-year history of serving Indiana and its diverse population and business community.

DOR is headquartered at the Indiana Government Center in downtown Indianapolis. It also has operations at a facility west of Indianapolis and in 11 district offices located throughout Indiana. DOR is headed by Commissioner Adam Krupp and is organized into eight divisions, all described in more detail throughout this report.

DOR's approximately 750 dedicated team members administer over 60 different tax types and annually processes more than \$18 billion of tax revenues – including processing millions of tax returns, handling hundreds of thousands of pieces of correspondence and phone calls, completing thousands of diverse audits, addressing tax protests and legal issues, and working in-person with individuals, business owners, tax preparers and a variety of stakeholders. DOR team members also support all of the complex financial, technology, policy, legal, compliance and communications responsibilities of DOR.



### DOR'S GUIDING PRINCIPLES



Push the  
Envelope



Embrace  
Change



Create &  
Harness  
Energy



Break Down  
Silos



Operate at  
Business  
Speed

While always working in a complex and challenging business, DOR is currently in a time of increasing volume, complexity and customer expectations. There are also a number of transformational initiatives and projects currently active that will impact DOR's systems and operations for decades.

After taking office on January 9, 2017, Governor Holcomb established five pillars to take Indiana to the next level. This included the challenge to all agencies to provide great government service at a great value to taxpayers. Also on January 9, Adam Krupp became DOR's Commissioner, bringing a new energy, focus on excellence and continuous improvement, passion for public service and collaborative partnership philosophy.

Upon his arrival, Commissioner Krupp initiated a DOR transformation by reorganizing DOR's leadership team into a business-like structure and developing a senior leadership team comprised of experienced executives. Leadership and staff across DOR have taken the Governor's and Commissioner Krupp's challenges very seriously and are focused on the guiding principles (*displayed on the left*) provided by Governor Holcomb during a meeting with state executives on May 10, 2017.



## TAKING DOR TO THE NEXT LEVEL

The leadership team has introduced a number of new programs and initiatives that are focused on improving the design, operation, management and level of service delivery for all DOR functions. There is also a special focus on improving the overall health of the organization, including improving leadership practices, partnership relationships, internal and external communications, team member performance recognition and employee engagement. These initiatives are all part of a drive to improve DOR's culture, to improve overall customer service, to become passionate about continuous improvement and to make DOR a great place to work.

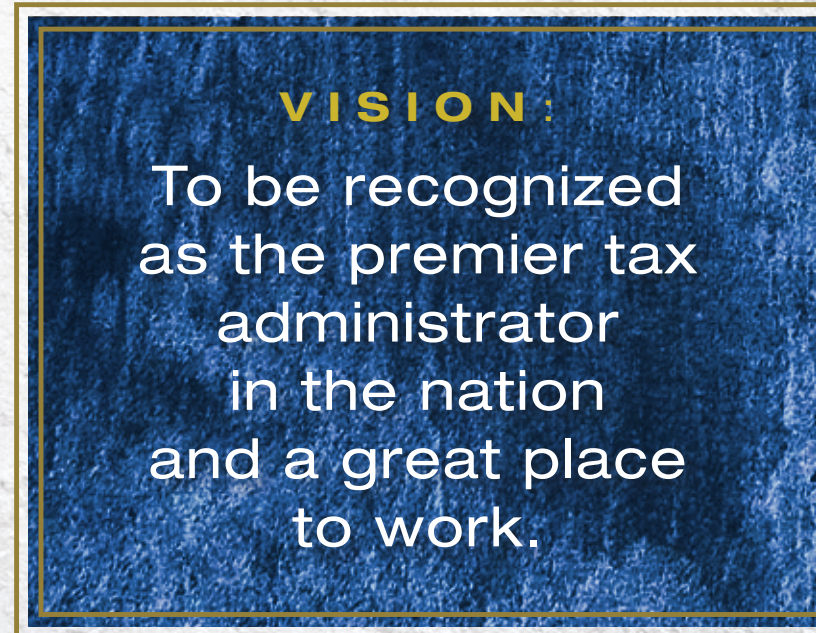
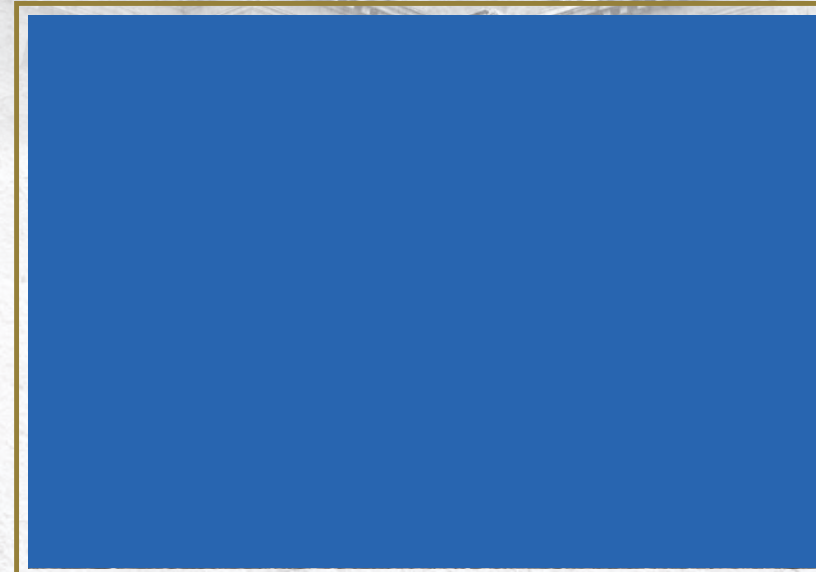
In concert with DOR's transformational initiatives, in 2017, DOR updated its mission and vision – establishing forward looking statements that align with the exciting future ahead.

## THE MODERNIZATION JOURNEY BEGINS

After completing a needs analysis in 2016, DOR launched the Integrated Tax System Modernization Project in early 2017. This project will replace 25-year-old mission critical computer systems and provide the platform for improvements in the speed, quality and effectiveness of DOR's business processes.

## MODERNIZATION INVESTMENT

With the support of Governor Holcomb, Indiana's General Assembly, and the entire DOR staff, we are embarking on a once-in-a-generation opportunity to modernize DOR's current tax systems and all related business processes. DOR's legacy system, the Revenue Processing System (RPS), has served DOR well for over two decades but simply cannot support the volume and complexity of current revenue operations. It also is difficult and costly to maintain and does not support the types and levels of service that are expected by customers and business partners. Given the technologies available today, this is an opportunity to transform the way all DOR services



### VISION:

To be recognized  
as the premier tax  
administrator  
in the nation  
and a great place  
to work.



are provided. We are seeking the best, most efficient tax system at a reasonable cost to Hoosiers to seamlessly transition DOR to the future of tax administration and customer service.

The mission and goals of the Modernization Project are in perfect alignment with DOR's Pyramid of Excellence. The project's mission is, "To modernize business processes and technologies to deliver industry leading, customer-centric services that enhance transparency, accuracy and compliance while facilitating continuous improvement."

The major goals include: best-in-class customer service, introduction of industry-leading service offerings, effective controls, audit integrity and increased operations efficiency and effectiveness.

In late 2016, the initial project plan was completed and project funding was secured. In early 2017, a new Chief Modernization Officer was hired to lead the four-to-five year project and a dedicated team of experienced DOR experts was established. This team led the daunting work of securing the valuable time from more than 80 DOR Subject Matter Experts (SMEs) to identify and document over 2,000 business processes. The team also gathered current barrier and new requirement information from DOR business partners and tax practitioners.

This detailed work resulted in the development and publishing of a very detailed Request for Information (RFI) in March and formal Request for Proposal (RFP) in June – with vendor presentations and solution research occurring in between.

RFP response analysis, vendor demos, proposal scoring and vendor selection are all scheduled for the second half of 2017. A selection of DOR's future modernization and system partner will occur by early 2018 with the initiation of phase one implementation work to occur soon thereafter.

The project is off to a great start, is on-schedule and on-budget, and the team has built a strong foundation for future success. The next four years will be an exciting time in the world of DOR modernization.





## WE ARE HERE TO SERVE

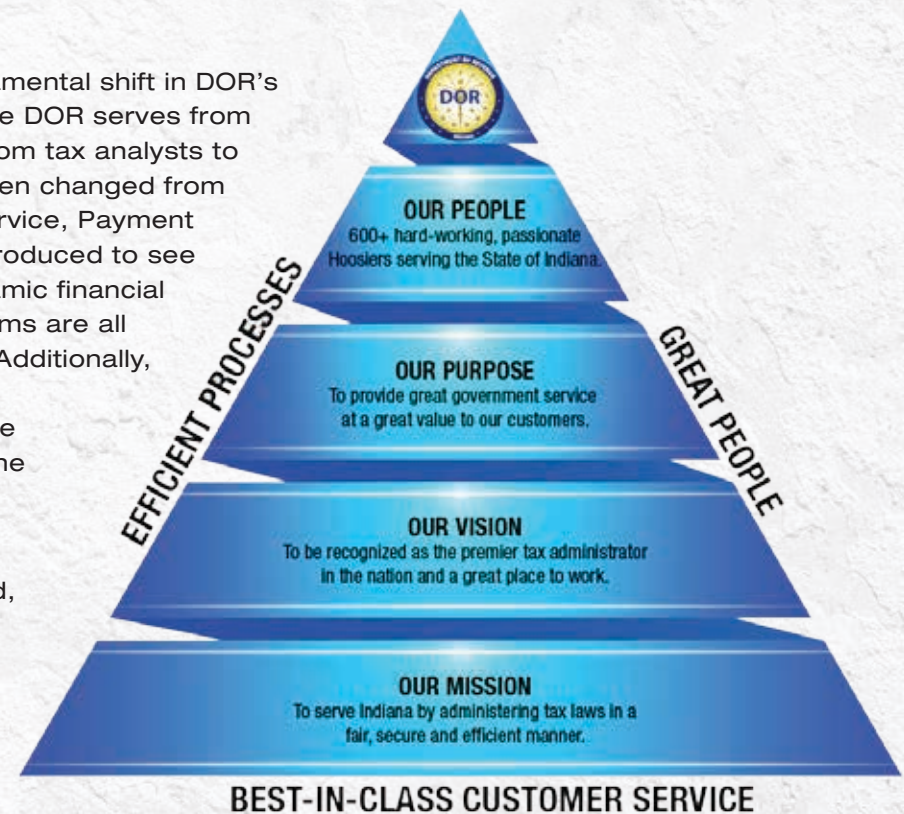
A key component of the current transformation project is a fundamental shift in DOR's mission from "collect" to "serve," and to change the view of those DOR serves from "taxpayers" to "customers." Position titles have been changed from tax analysts to customer service representatives – business unit names have been changed from Tax Administration, Collections and Enforcement to Customer Service, Payment Services and Audit Operations – and a new mindset has been introduced to see DOR's functions as being part of a challenging, exciting and dynamic financial services organization. Training, measurement and reward programs are all being designed with a foundation of customer care and service. Additionally, every process is being reviewed, with a new emphasis on finding improvements and benchmarking business processes and service levels to those often found in financial services organizations in the private sector.

One key example in this paradigm shift is reflected in DOR's reward and recognition programs. Performance is now measured, recognized and rewarded when performance expectations are exceeded, for initiative to take on additional work, for actions that improve the workplace or culture, for exceptional teamwork and collaboration, and for positive service feedback from customers and business partners.

Since the inception of these initiatives, improvements are being realized and the feedback from team members, business partners, stakeholders and customers has been very positive. Much work is left to be done, but the foundation being built is strong and the path to a bright future is clear.

## PYRAMID OF EXCELLENCE

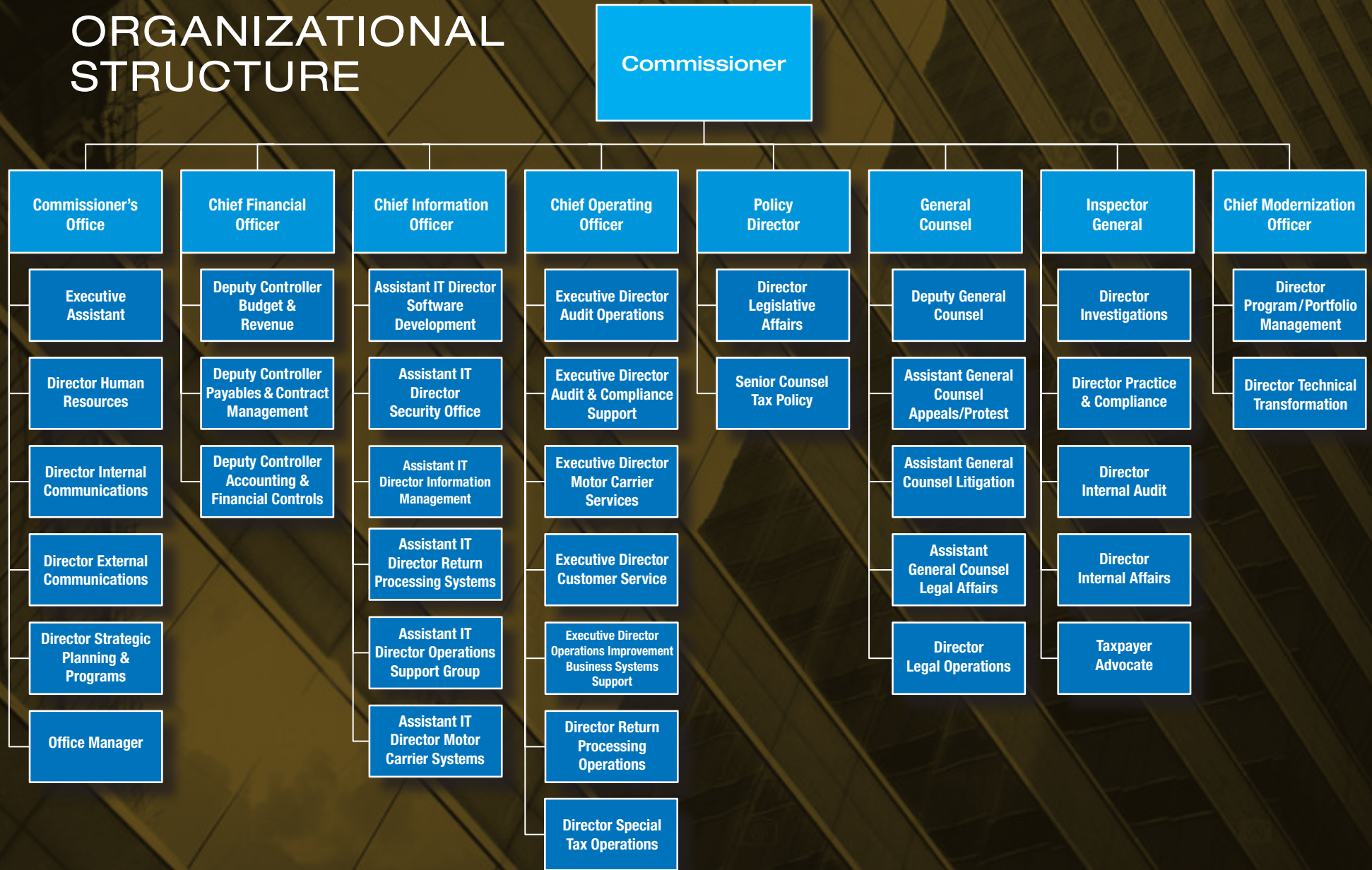
As a cultural communication and DOR branding tool, in early 2017 DOR developed and published its new Pyramid of Excellence. This symbol represents DOR's people, purpose and passion. It includes respect for the past, acknowledgment of the present and excitement for the future. It has become the new Department of Revenue brand and serves as the guiding light for all transformational initiatives.



## DEPARTMENT OF REVENUE PYRAMID OF EXCELLENCE



# ORGANIZATIONAL STRUCTURE





## DOR LEADERSHIP

As your Indiana Department of Revenue, we are proud to serve all Hoosiers and strive to be the best we can be. Your feedback helps drive what we do.



From left to right:  
Bob Grennes,  
Adam Krupp,  
Patrick Price,  
Glen Baker,  
Chris Russell,  
Dwayne Brinson,  
Kevin Gulley  
and Ed Vance.



## DOR LEADERSHIP

**Adam J. Krupp** was appointed Commissioner by Governor Eric Holcomb in January 2017. Before joining DOR, Adam served as General Counsel for the Bureau of Motor Vehicles, Special Counsel to former Governor Mike Pence and as Deputy Director and Counsel for Indiana's Division of Family Resources. Adam also clerked for the Honorable Paul D. Mathias of Indiana's Court of Appeals.

After law school, Adam began his legal career in New York, NY, with White & Case, LLP, subsequently joining Kasowitz, Benson, Torres & Friedman, LLP, before returning to Indiana.

A native of Plymouth, Indiana, Adam earned his bachelor's degree from Purdue University and his J.D. from the Indiana University Robert H. McKinney School of Law.

**Glen Baker** is the Chief Modernization Officer for the Indiana Department of Revenue. He has responsibility for leading all aspects of the complex, multi-year project to transform and modernize DOR's processes and technologies. Glen has extensive experience as a leader of major enterprise modernization project portfolios in both the private and public sectors. After starting his career as an applications developer working on Indiana BMV and Revenue systems, Glen transitioned to lead enterprise projects and technology transformations for fast growing, dynamic organizations.

**Dwaine E. Brinson**, serves the Indiana Department of Revenue as Inspector General. Dwaine started his federal government service in Chicago as an Internal Auditor with the Internal Revenue Service. He later served as the Special Agent in Charge for the Treasury Inspector General for Tax Administration Chicago field office for two years. He directed Chicago Field Division operations with direct supervision for 42 investigators, managers and administrators. A native of Chicago, Dwaine holds a degree in Accounting from Roosevelt University in Chicago, IL.

**Bob Grennes** is the Chief Operating Officer with extensive experience as an enterprise-wide operational manager, executive leader and board member. He is an organization and service operations engineer with a passion for building and nurturing healthy, successful and continuously improving organizations. During Bob's private sector career, he led information technology departments, financial service business operation divisions, and organizational development and modernization initiatives in high-volume and high-complexity industries. He also played a transformational role in the growth and improvement of projects, teams, and organizations in a variety of executive positions.



## DOR LEADERSHIP

**Kevin Gulley** serves the Indiana Department of Revenue as the Chief Information and Technology Officer. Kevin has extensive experience as an information technology and operational leader in both public and private sector organizations. Prior to joining DOR, Kevin served as the Vice President of Health and Corporate Systems at Conseco Insurance Companies. Kevin earned his bachelor's degree in Quantitative Business Analysis from Indiana University and his MBA degree from Butler University.

**Patrick Price** serves the Indiana Department of Revenue as the General Counsel. After graduating from Yale Law School, Patrick served as a deputy prosecutor in Hamilton County, and then clerked for the Southern District of Indiana and the Tenth Circuit Court of Appeals for then—Judge Neil Gorsuch. Patrick then worked at Barnes and Thornburg, LLP for more than six years, where he focused on employment law and complex litigation. More recently, Patrick worked as the General Counsel for both the Indiana Bureau of Motor Vehicles and the Office of Technology.

**Chris Russell** serves as Policy Director for the Indiana Department of Revenue. Chris previously served as Deputy General Counsel at the Bureau of Motor Vehicles. Prior to working with the state, Chris operated a private law practice focused on general corporate/business matters including contract review and drafting, licensing, intellectual property and business forecasting/planning. Chris earned his bachelor's degree from DePauw University in Music and Business, and his J.D. from the Indiana University Robert H. McKinney School of Law.

**Ed Vance** serves the Indiana Department of Revenue as the Chief Financial Officer. After obtaining his MBA on fellowship from the Indiana University School of Business, Ed worked for Eli Lilly & Company as a Senior Financial Analyst with responsibility for a more than \$1.25 billion global research and development budget and a \$75 million capital budget. Ed spent the next six years in the banking industry at JP Morgan Chase where he obtained valuable experience in treasury services and commercial and industrial lending.



# BUSINESS SUPPORT

## COMMUNICATIONS

The DOR Communications team manages all internal and external communications, community outreach and education, market research, web and social media presence, in addition to tax form and tax booklet development and publication.

In January, DOR separated internal and external communications to create the Communications Department, which was previously known as the Public Relations Division. DOR took this direction to put an equal emphasis on communication with our customers and staff. As a result, the Internal Communications Department is charged with exploring effective ways to communicate with staff and celebrate their successes. External Communications is primarily tasked with improving media relations and customer interaction.

Since January, an emphasis has been placed on improving communication amongst our customers and stakeholders. We completed extra steps to seek out customer feedback through surveys, social media forums, district office visits and DOR's annual public hearing.

Working with various divisions and external partners, the Communications team provides many services and educational opportunities to the public:

- **Internal Messaging** - The team communicates to staff in various ways ensuring they have the necessary information to perform their responsibilities. Communications include an internal newsletter, email messaging, internal website content and employee engagement surveys. For the first time at DOR, employees have an avenue to promote and celebrate group and individual accomplishments.
- **Employee Engagement** - Communications has improved staff morale by developing and executing healthy and inspiring work environment activities. Appreciation weeks, special events and employee recognition programs are a few examples.
- **Business Outreach Education Program** - When Hoosier business owners have difficulty with taxes, it is often due to a lack of understanding of Indiana's complex set of regulations because of limited educational resources. To address this issue, DOR's outreach program offers free business tax seminars discussing pertinent tax information for new and small businesses, providing a forum for attendees to have their questions answered by an experienced DOR representative.



*Employee appreciation ice cream social  
with executive staff.*



- **Social Media Outreach** – Communications drastically changed its approach to social media in 2017 to increase the agency’s following and exposure to customers. DOR primarily uses Facebook and Twitter to regularly post tax updates, general information and special tax news. These social media outlets provide another convenient method for the public to submit general questions, feedback and comments for consideration. The Communications team was contacted by several states—Idaho, Illinois, New Jersey and South Dakota—inquiring about the team’s social media processes and standards. In addition to the social media sites, DOR hosts a TaxTalk Blog with more than 2,000 subscribers.
- **External Publications** – Communications works with DOR business units to create content for external publications to update and inform specific stakeholders and audiences, to include:
  - BizTax helps businesses better understand Indiana tax laws, the tax-filing process and the services DOR offers.
  - Tax Dispatch is a publication for tax practitioners to learn about the most up-to-date legislation changes and other tips and techniques.
  - Fuel Tax Update helps fuel taxpayers understand Indiana tax laws; the tax-filing process; and the services available to help them understand fuel tax policies, procedures and changes.
  - Trucking Tips helps intrastate and interstate motor carriers better understand Indiana tax laws and fees, motor carrier processes and the services available from DOR’s Motor Carrier Services.
- **Workshops** – Communications coordinated several tax school workshops with Indiana University and Purdue University for tax professionals. These workshops were held throughout the state and available to the public. In addition, the team created tax-training handbooks for Volunteer Income Tax Assistance volunteers and AARP Tax-Aide to provide free tax preparation for disabled and low to moderate-income taxpayers.
- **Stakeholder Presentations** – Throughout the year, the communications team works to support the Commissioner and his leadership team with various presentations and speaking engagements to increase the level of interaction between DOR and stakeholders. These stakeholders include the Indiana Certified Public Accountants Society, Legal Bar Association, IRS symposiums, Indiana Society of Accountants, chambers of commerce, trade and hospitality associations, and many others.
- **Latino Outreach** – Communications continues to expand its Latino outreach by hosting a department Spanish-language website with key tax information, writing articles for a bilingual statewide news media publication, translating selected forms and tax booklets into Spanish, and making bilingual employees available to provide assistance to Spanish-speaking taxpayers ([www.impuestos.in.gov](http://www.impuestos.in.gov)).



*Employees celebrating Public Service Recognition Week 2017.*



## FINANCE

The Finance Division is focused on providing excellent service to our many customers both within and outside DOR. Our goal is to consistently provide accurate, decision-useful financial insight and reporting, account for tax revenues in accordance with tax laws, safeguard public assets and support strategic, fiscally responsible DOR spending in a manner benefiting Indiana.

The division also embraces its fiduciary responsibility ensuring that revenue collected is distributed appropriately to other state agencies and local governments so that necessary services will be provided to our taxpaying customers and others across the state. To achieve this, the division continuously works toward improving the effectiveness and efficiency of DOR's internal controls through expanded testing, monitoring and oversight of transactions summarized in the accounting system.

During FY 2017, the Finance Division successfully directed the preparation and administration of DOR's overall budget and kept DOR within established parameters while meeting the needs of the various divisions. The Finance Division also completed a project initiated in collaboration with our IT Division to achieve end-to-end traceability of transactions from our revenue system to our accounting system. Due to improved visibility, this project immensely enhanced our ability to reconcile activity between our systems to further improve accuracy and completeness of the accounting records.

Looking ahead, DOR's biennium budget for FY 2018/2019 contained a special funding request for our multi-year, integrated tax system modernization initiative which was presented to, and supported by, committees of both the Indiana House and Senate. DOR's new biennium budget will allow the opportunity to begin reorganizing around best-in-class business practices and processes in conjunction with implementing the new integrated tax system to deliver service at the next level to our customers.

## INFORMATION TECHNOLOGY

The Information Technology Division (ITD) is committed to DOR's mission and supporting all the department's transformational initiatives. During FY 2017, ITD continued to focus on modernizing its technology portfolio, supporting operational stability and ensuring taxpayer data security.

Many ITD initiatives focused on the continued simplification of the filing process and payment experience for customers. FY 2017 accomplishments include the electronic acceptance of the Individual (IT40-ES) and the Corporate (IT6) quarterly estimated payments through the new DORPay payment portal. In addition, the INtax portal continued to reach more businesses in FY 2017 with more than 96 percent of all



*DOR employees visiting Meadow Lake to better understand the operational side of wind farms and how they are affected by tax laws.*



business trust taxes filed and paid through the INtax portal. This, coupled with the support for the roll-out of the INBiz business registration portal, illustrates DOR's commitment to modernizing its technology portfolio.

Driven by DOR's focus on operational stability and improved data quality, ITD enabled the completion of DOR's financial controls initiative. This included the implementation of automated financial interfaces from DOR's tax administration and Motor Carrier systems to Indiana's consolidated financial system (G/L). This process was entirely manual four to five years ago. Today, the integration automates over 90 percent of the deposits received by DOR.

During FY 2017, the ITD team continued to enhance the security of sensitive taxpayer data. With improved data encryption throughout the entire portfolio and with periodic assessments of critical applications, DOR continues to move towards compliance with the National Institute of Standards and Technology (NIST) security standards, which are U.S. Department of Defense level standards.

## INSPECTOR GENERAL

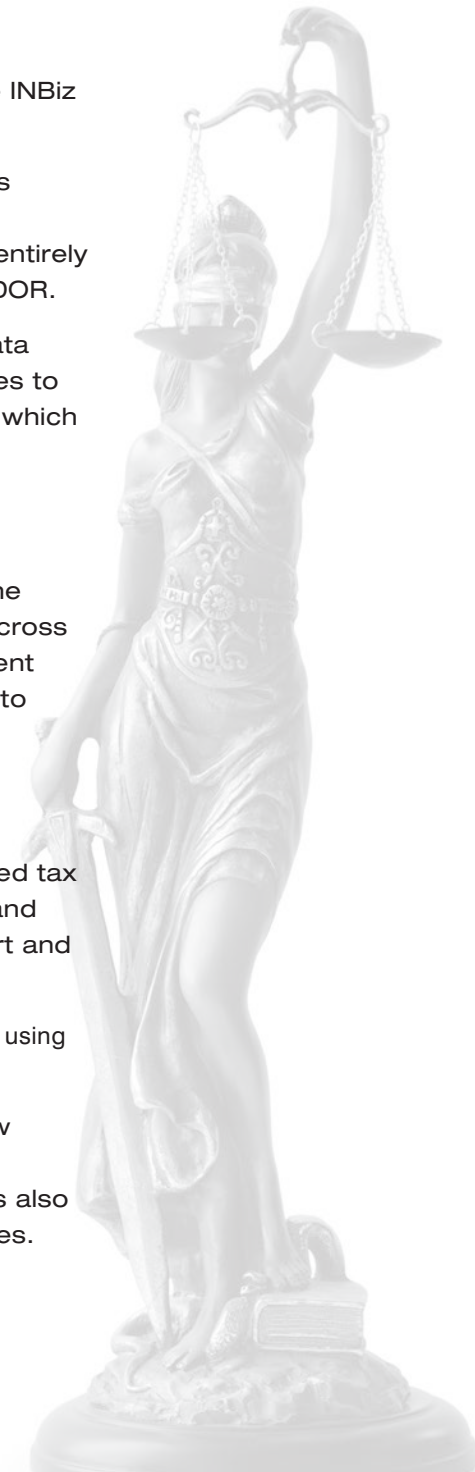
In 2017, DOR significantly increased its investment in internal auditing, investigations and compliance under the direction of a new inspector general. A new team of specialists is working collaboratively with management across the department to identify opportunities for improvement, research specific issues and take action to implement improvements. This team also works with partner agencies to address specific issues and complete projects to implement enhancements, improve controls and prosecute fraudulent tax preparer activities.

## LEGAL

The Legal Division is responsible for providing taxpayers with an independent administrative review of proposed tax assessments and refund requests. In addition, the Legal Division advises DOR staff on matters of regulatory and statutory interpretation. The division also advises and assists in litigation involving DOR in tax court, state court and bankruptcy court.

During FY 2017, DOR received 807 new protests and closed 902 protests. Assist taxpayers with filing protests using DOR's Administrative Protest Guide.

During the fourth quarter of FY 2017, the Legal Division started an ambitious project to restructure, create new tax protest procedures, and implement new performance metrics. As part of this effort, roundtables with tax practitioners were held in April 2017 to discuss proposed changes and solicit feedback. The Legal Division has also participated in meetings of the restarted Tax Court Liaison Committee covering revisions to the Tax Court Rules.





## OPERATIONAL IMPROVEMENT

The Operational Improvement and Business Systems Support (BSS) Department is a key part of DOR's strategic plan to meet Governor Holcomb's challenge to take DOR to the next level. This expanded department now includes the DOR Enterprise Project Management Office (ePMO), Training Unit, Operations Improvement Team and Business Systems Support Team.

This team of specialists will help DOR management and staff identify, research, design and implement business process and system improvements that will deliver both short and long-term improvements. Using advanced project management, training, lean Six Sigma, value stream mapping and process analysis disciplines, the results of this team's work will improve the quality, speed and efficiency of DOR operations. This team, and enhanced capability, will also play a key role in ensuring DOR is prepared for Modernization.

## TAX POLICY

The Tax Policy Division interprets, evaluates, formulates, compiles and disseminates tax law, policies and procedures to internal staff, DOR customers, practitioners, county officials, state legislators, other state agencies and members of Governor Holcomb's administration. The division also serves as DOR's liaison to the Indiana General Assembly, including attending and testifying before legislative committees, as well as assisting the Legislative Services Agency in the evaluation of fiscal impact statements of proposed legislation.

The division's Administrative Rules Review project began in August 2013 and requires DOR to review all of its tax regulations. The division has completed review of the tax regulations for residency, local income tax, sales tax on food items, inheritance tax, petroleum severance tax, alcohol tax, cigarette tax, special fuel tax, hazardous waste land disposal tax, motor carrier fuel tax, controlled substance excise tax, type II gaming tax, gaming card excise tax and the quality assessment fee.

DOR regulations that were outdated, repetitive or superfluous have been repealed. Approximately 40 percent of regulations have been eliminated.



*Several DOR employees work to help make INBiz a successful tool for Hoosier business owners.*





## SERVICE DELIVERY OPERATIONS

### OPERATIONS OVERVIEW

The Operations Division is comprised of over 500 team members located in Indianapolis, around the state of Indiana in DOR's 11 district offices and in various locations around the country. This division was restructured in January 2017 from three separate divisions into one cohesive operations team under the direction of a new Chief Operating Officer. The three previous divisions included Enforcement, Tax Administration and Special Tax & Support.

The new consolidated division now includes all of the operational and service delivery functions of DOR including: Motor Carrier Services, Special Tax Operations, Returns Processing Operations, Customer Service, Payment Services, Audit Operations, Audit & Compliance Support and Operations Improvement & Business Systems Support.

The newly aligned operations leadership team is laser-focused on working collaboratively to build, operate and improve DOR operations to provide best-in-class services. They are also passionate about working with internal and external partners to efficiently operate and improve the diverse and complex functions of DOR.

The Operations Division is making key investments to increase the efficiency, quality and service levels of all DOR functions. New initiatives have been launched in the areas of process analysis, workload forecasting, service design, operations management, training and project management. The team is developing a service operations engineering and management discipline that is required to support DOR's high-volume, high-complexity and high variability financial services operations. Additionally, projects are active to enhance the measurements of all processes and customer feedback and to implement root cause analysis and continuous improvement processes.



## CUSTOMER SERVICE

The Customer Service Department (previously referred to as Tax Administration and the Customer Interaction Center) is comprised of over 125 customer care specialists who support a wide variety of customer service functions across the state of Indiana. This team designs and operates DOR's walk-in centers, call center operations, automated voice response systems, correspondence processing operations, email services and payment services. This team also provides support for the INBiz, INtax and DORpay portals and service offerings.

With a focus on customer care, single point of contact one transaction resolution, quality service delivery, efficient process design and operation, and continuous improvement - this service team is assisting hundreds of thousands of Hoosiers with their specific tax questions and requests for assistance. They are the front line for customer assistance and problem resolution - and take this responsibility very seriously.

Customer services operations are provided at the Indiana Government Center in downtown Indianapolis and 11 district offices around the state.

## PAYMENT SERVICES

The Payment Services Team (previous referred to as Collections), is comprised of tax and customer service experts who are located in Indianapolis and 11 district office locations throughout the state. This team is responsible for helping, educating, and guiding individuals and businesses who have a tax delinquency that requires special handling. The goal is to educate customers and assist them in becoming compliant with Indiana tax laws.

This team utilizes a variety of research and service tools and techniques to assist customers with account delinquency resolution. This includes providing special terms for repayment of past due amounts.

After exhausting all attempts to assist a customer, this group also works with county sheriffs, as well as our third party collection agency, to take required action to address serious delinquencies. This is coordinated by our Payment Services - Agent Assistance Team. This team is responsible for managing the interface between DOR, the 92 Indiana county sheriffs, and DOR's outside collection agency.

Both the county sheriffs, and DOR's outside collection agency, utilize advanced skip tracing, direct customer contact and payment acquisition techniques.

Due to the complexity of this business operation and DOR's focus on customer service, both the Payment Services team members and the outside collection agency staff regularly receive customer care and issue resolution training. This training, along with ongoing coaching, improves service, processes and the effectiveness of payment establishment efforts.



## SPECIAL TAX DEPARTMENT

The Special Tax Department is comprised of 20 specialists who are responsible for administering 25 special taxes and fees that touch a diverse group of individuals and businesses in a variety of industries. These unique tax types generate over 60,000 transactions and account for approximately 10 percent of all tax revenues collected by DOR annually. At the top of the list of this team's responsibilities is the administration of fuel, tobacco and alcohol excise taxes.

This team develops and manages special processes including issuing cigarette tax stamps, issuing alternate fuel decals, generating bills, processing refunds, preparing reports, completing account balancing and performing a variety of account reviews. They also support the Special Tax Audit team in their program audit work.

This team is passionate about ensuring processing efficiency and accuracy, while delivering a high-level of service to the approximately 11,000 special tax filers. Through proactive and collaborative communication with key stakeholders and partner agencies, the Special Tax team is continuously improving business processes, supporting systems and associated industry interfaces. They also work with DOR's Policy, Legal, IT and Audit Operations teams to ensure current and future laws impacting special taxes are designed, developed and implemented effectively. By working collaboratively with customers, internal teams and external partners, Special Tax contributes to the goal of driving compliance, which levels the playing field and benefits all Indiana citizens and businesses.

## MOTOR CARRIER SERVICES

The Motor Carrier Services (MCS) Department is a specialized business unit within DOR providing support to motor carrier companies and commercial drivers through the administration of state and federal laws that govern the commercial use of Indiana's roads. Utilizing custom systems for online customer transactions and operating a variety of phone, email, chat and customer service operations, MCS manages the International Fuel Tax Agreement, International Registration Plan, oversize/overweight vehicle permitting, Unified Carrier Registration and the issuing of US DOT numbers. This team manages both large and small accounts for carriers across the US. MCS also has the responsibility for base plate registrations for certain intrastate commercial carriers.

Two major programs managed by MCS include the International Registration Plan (IRP) and Unified Carrier Registration (UCR). The MCS IRP services continue to be considered the gold standard in the industry and the Indiana UCR System is the sole electronic filing system for the nation.

MCS continues to enhance its one-stop-shop service platform providing the trucking industry with a streamlined method to register vehicles, pay fuel taxes, file confirmation of insurance and purchase permits. This system also interfaces with other Indiana agencies including Indiana Department of Transportation, Indiana State Police and the Indiana Bureau of Motor Vehicles.



## TAXPAYER ADVOCATE

The Taxpayer Advocate Office (TAO) is a specialized team of senior analysts who research and address complex tax issues. This office fulfills the legislatively mandated taxpayer advocate responsibilities, works with individuals undergoing financial hardships and acts as the agency's liaison with senior DOR and government officials.

Services offered by this team include hardships, offers-in-compromise and issue resolution that requires specialized research and correction steps. This area also reviews and evaluates requests for expungements for individuals whose credit has been negatively impacted by a tax lien.

The financial hardship program assists individuals who require alternatives to the standard repayment agreements due to various circumstances and whose livelihoods may be threatened. TAO is authorized to review these cases and make every attempt to collect the tax while still considering the special needs of the taxpayer. This may include establishing an offer-in-compromise or hardship. Special needs include loss due to disaster, severe medical conditions, the loss of a family member or severe financial problems.

## RETURNS PROCESSING OPERATIONS

Returns Processing Operations (RPO) is the department dedicated to the efficient and high-quality processing of all paper tax returns, correspondence, incoming mail and check payments. This high volume, high complexity and high variability operation annually processes over three million tax returns, correspondence and paper check transactions.

The RPO Operations Support Team manages the flow and processing of all of the paper documents from receipt, through processing and to long-term storage. This team utilizes state-of-the-art technology to image documents, capture data and feed DOR computer systems with critical customer and tax filing information. This team also supports DOR's e-file vendor certification and interface management processes.

The RPO Research & Resolution Team is a specialized team of tax analysts who perform the detailed research and correction steps for any individual tax return, corporate tax return or transaction that requires correction or additional data gathering to ensure accuracy before processing. This team also performs specialized processing functions including tax clearances, background checks and lien processing for the Indiana Bureau of Motor Vehicles.



*DOR employee receiving DOR Prize from Commissioner Krupp and Chief Operating Officer, Bob Grennes.*



# AUDIT AND COMPLIANCE OPERATIONS

## AUDIT & COMPLIANCE OPERATIONS

The DOR business functions previously referred to as “enforcement” have been reorganized to streamline the organization, improve the effectiveness of business operations and deliver a new level of results. A new focus on business process engineering, service metrics and process improvement is generating new levels of collaboration across all teams and delivering improvements that will deliver both short and long-term benefits to DOR, industry partners and Indiana citizens.

## AUDIT OPERATIONS

The Audit Operations Department is comprised of over 110 dedicated audit professionals located in Indianapolis, DOR’s 11 Indiana District Offices and in select locations across the United States. This group of highly-educated, trained and experienced tax auditors are responsible for conducting audits for Indiana individual and business taxes and for supporting DOR Policy, Legal and Operations Divisions.

Tax audits are completed by this team throughout the fiscal year to meet statutory requirements, increase tax law education and understanding (to drive long-term self-compliance) and to secure tax payments that are due to the State of Indiana. The Audit Operations team designs and executes efficient and consistent audit processes to ensure compliance with the Indiana tax laws. This team also works collaboratively with DOR staff, state agencies, legislative staff, and with tax and legal practitioners to clarify, administer and improve Indiana’s tax laws.

All of these efforts secure tax payments that are due and increase awareness and education to drive self-compliance with Indiana tax laws. This team also supports a key DOR driving principle to ensure a level playing field for Indiana businesses and residents.

## AUDIT SUPPORT

The Audit Support Department is comprised of 20 specialists who operate a diverse set of key support functions for DOR’s Audit Operations. These support functions include audit selection, audit review,

audit billing, audit training and audit protest support – all designed and operated to improve the quality, efficiency and overall results of DOR tax audits. These specialized business units effectively select/assign audits to the audit team, ensure consistency and quality of the audit process, and efficiently and accurately invoice and process audit payments. This team also coordinates all audit training and process improvement activities.

## FRAUD, COMPLIANCE & ANALYTICS

The Fraud, Compliance & Analytics Department is a specialized service team of 30 that utilizes big data and sophisticated analytics to improve DOR decision making, enhance business processes, protect the identification of Indiana citizens, and guard against the stealing of tax refunds. The analytics team provides data analysis services to a variety of DOR staff and business units to assist with research, identify trends, improve computer system logic and improve service delivery design. This team works closely with our Audit Support Department to provide necessary research and



information to drive improved audit selection and to assist management in developing efficient and consistent audit processes.

This team operates our non-filer program that utilizes specialized data sources and analytics to identify individuals who should have filed Indiana tax returns, but did not. Once identified, this team contacts non-filers to assist them in correcting their possible filing error and to help them become compliant for prior and future years.

The voluntary disclosure program is operated to provide previously noncompliant customers a streamlined method to voluntarily become compliant by filing prior years' tax returns and paying related taxes without penalty.

This team also conducts special compliance projects that are targeted to specific areas of non-compliance. Through outreach, education and problem resolution, these targeted projects assist with correcting filing errors and educating for future self-compliance.

## ID PROTECTION & FRAUD

The State of Indiana and DOR take the protection of Indiana citizen identities and tax refunds very

seriously and DOR's commitment to ID protection and stopping tax refund fraud continued to be a major focus in 2017. Over the last five years, DOR has made significant investments in computer systems and business operations to meet this increasing complex challenge. This passionate commitment was enhanced in 2017 as DOR enhanced its analytics capabilities, partnerships with other states, interfaces with the IRS, and fraud-related business processes. DOR also enhanced existing, and developed new, partnerships with specialized entities in this field.

Our sophisticated process includes the analysis of individual and business tax returns for verification of identification, refund amount and refund destination accuracy. Additionally, this process aids in the identification of fraudulent tax preparers, including unscrupulous preparers who prey on unsuspecting individuals with promises of large refunds using invalid return data.

A specialized team of fraud analysts utilize industry best practices and state-of-the-art fraud analytics to identify and stop suspicious transactions, work with filers to verify their identification and to stop erroneous returns. This team

works with business partners, other states, the IRS and DOR's Investigation's team to take action against suspicious parties and to continuously enhance our fraud detection filters and business processes.

Our significant commitment to this area has paid off as confirmed stolen identities and refund fraud is a fraction of previous years and the experience of other states. As confirmation of our success, DOR has been recognized as a pioneer in this field and is regularly called on to share business practices at national conferences and with other tax authorities.



*Chief Operating Officer, Bob Grennes, celebrating a joyous retirement event at DOR's Returns Processing Center.*



# AUDIT DIVISION STATISTICAL STUDY

The Audit Division Statistical Study addresses the requirements set forth by IC 6-8.1-14-4 (2). The information is based on 100 percent of the audits completed and taxpayers assisted during FY 2015.

*The following information includes:*

- Amounts of tax assessed *(page 25)*
- Industries/businesses most frequently in violation *(page 26)*
- Number of years in the audit period *(page 27)*
- Index of exhibits and charts *(page 27)*
- Taxpayers served in district offices *(page 24)*
- Sales/use tax violations *(page 24)*
- Adjusted gross income and financial institutions tax violations *(page 25)*
- Special tax violations *(page 26)*
- Miscellaneous code violations *(page 27)*

## TAXPAYERS SERVED IN DISTRICT OFFICES

Taxpayer assistance is available in all 11 district offices. Each office has taxpayer assistance staff who provide taxpayer-service functions.

The “Taxpayer Assistance Report by District Office” (Exhibit A) provides the number of taxpayers assisted. This includes taxpayers assisted in person, by telephone, or by means of fax or email correspondence. Exhibit A reveals that during FY 2017, district offices served 169,170 taxpayers.

## SALES/USE TAX VIOLATIONS

Audit assessments for Indiana sales/use tax typically occur in a few main areas. Use tax is due on any purchases of personal property stored, used, or consumed in Indiana if sales tax was not paid at the time of the purchase and no valid exemption applies. In FY 2017, general use tax rule violations [45 IAC 2.2-3] accounted for approximately \$8.7 million in audit adjustments.

Often, DOR determines that use tax is due from business taxpayers that erroneously believe an exemption from sales/use tax should apply. This is especially true of manufacturers and processors, who gain various exemptions from Indiana sales/use tax under 45 IAC 2.2-5 (primarily section 8).

Indiana retail merchants are required to collect sales tax on all sales of personal property unless the buyer offers proof of exemption.



## ADJUSTED GROSS INCOME AND FINANCIAL INSTITUTIONS TAX VIOLATIONS

Individuals and regular corporations are liable for adjusted gross income tax. Financial institutions are subject to financial institutions tax (FIT), which is computed in much the same way a corporation computes its adjusted gross income tax. During FY 2017, the statute or regulation that yielded the largest corporate adjusted gross income tax adjustments was IC 6-3-4-6(c). This rule discusses income taxation of corporate partners. Adjustments made under this statute totaled approximately \$9 million this fiscal year.

## SPECIAL TAXES

Field auditors assigned to these special tax audits perform audits not only for Indiana, but often for many other jurisdictions when examining reports for the IFTA and the IRP. The largest adjustments to tax dollars in this area this year relates to examinations under these agreements. IFTA assessments were approximately \$1.3 million in FY 2017 while IRP assessments were approximately \$200K. Special tax auditors also audit a variety of excise taxes: cigarette, other tobacco products (OTP), beer and wine excise tax, and other fuel excise taxes. This group recently conducted several audits on cigarette and OTP taxes in FY 2017, prompted by continued noncompliance in this area and the industry's general lack of consistency in reporting. As a result, approximately \$932K in assessments is attributed to cigarette and OTP tax due from Indiana distributors, required by IC 6-7-1 and IC 6-7-2.

## AMOUNTS OF TAX ASSESSED

Exhibits C, D, E, and F display the amount of assessments (refunds) of the sales/use tax, adjusted gross income and financial institutions tax, special tax, and miscellaneous tax violations, respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded.

The amount assessed or refunded for each of the most frequent violations and the percentage of the amount to total net assessments are as follows:

### SALES/USE TAX—EXHIBIT C

	Amount Assessed	% of All Assessments
IC 6-2.5-2-1	\$10,361,731	20%
45 IAC 2.2-5-8	\$7,266,467	14%
45 IAC 2.2-4-1	\$6,796,347	13%

### ADJUSTED GROSS INCOME AND FINANCIAL INSTITUTIONS TAX—EXHIBIT D

	Amount Assessed	% of All Assessments
IC 6-3-4-6(c)	\$9,062,884	18%
45 IAC 3.1-1-97	\$7,864,318	15%
IC 6-3-1-3.5	\$7,662,719	15%

### SPECIAL TAX – EXHIBIT E

	Amount Assessed	% of All Assessments
IC 6-7-2-7	\$ 815,283	29%

### MISCELLANEOUS TAX VIOLATIONS

	Amount Assessed	% of All Assessments
IC 6-8.1-9-1	\$568,188	69%

## INDUSTRY/BUSINESS MOST FREQUENTLY IN VIOLATION

### Sales and use tax

For the FY 2017 reporting period, taxpayers engaged in wholesale, retail, and transportation businesses accounted for the most violations of the sales and use tax rules. This group accounted for 1,620 violations (32 percent of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 234 violations. Rule 3-20 states if a seller of tangible personal property for storage, use, or consumption in Indiana fails to collect the appropriate tax, the purchaser of such property must remit tax directly to DOR.

The second largest number of sales and use tax violations was committed by taxpayers engaged in the manufacturing industry. This group committed 503 violations (15 percent of the total violations) for FY 2017. The most frequently violated rule of this group was 45 IAC 2.2-5-8 with 178 violations. Rule 5-8 stipulates that sales of manufacturing machinery, tool and equipment used in direct production, manufacture, fabrication, assembly, or finishing of other tangible personal property are not exempt for sale and use tax purposes.

### Adjusted gross income and financial institutions tax

For the FY 2017 reporting period, unclassified taxpayers engaged in unrelated business activities such as debt-finance, rental of real estate, investment and passive income of exempt organizations, rental of personal property, and other miscellaneous activities accounted for the most violations of the adjusted gross income tax rules. This group accounted for 9,515 violations (96 percent of the total violations). The rule most frequently violated by this group was IC 6-3-4-6(c)

with 9,122 violations. This code requires taxpayers to notify DOR and file amended returns when a federal modification is made.

Taxpayers engaged in wholesale, retail, and transportation committed the second largest number of adjusted gross income tax violations. This group committed 117 violations (1.5 percent of the total violations) for FY 2017. The rule most frequently violated by this group was 45 IAC 3.1-1-97 with 27 violations. This code defines income withholding requirements and penalties related to failure to withhold.

Exhibit D illustrates the tax dollar changes related to adjusted gross income tax rule violations, segregated by industry. Financial institutions tax, which is comparable to the adjusted gross income tax but applies only to the banking and loan industry, is also reflected on this chart.

### Special tax violations

Exhibit E provides the special tax assessments and refunds by citation.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2017 was the wholesale, retail, and transportation industries. This group committed 459 violations, accounting for around 77 percent of the total violations.



*Teammates participating in #Go365 steps challenge.*



## MISCELLANEOUS CODE VIOLATIONS

Exhibit F provides the assessment amounts for miscellaneous code violations. In FY 2017, the most violated miscellaneous code section was IC 6-8-1-10-2.1 which accounted for (31 percent) of the violations. These violations yielded \$824,906 in net assessments and/or refund reduction for FY 2017. This code refers to failure to file a return for the listed taxes.

## NUMBER OF YEARS IN THE AUDIT PERIOD

The audit period averages three years.

## EXHIBITS

<b>Taxpayer Assistance Report by District Office</b>	Exhibit A	<i>pg. 29</i>
<b>Standard Industrial Codes</b>	Exhibit B	<i>pg. 30</i>
<b>Sales and Use Tax Audits</b> Dollars Assessed by Industrial Code	Exhibit C	<i>pg. 31</i>
<b>Adjusted Gross Income Tax Audits</b> Dollars Assessed by Industrial Code	Exhibit D	<i>pg. 36</i>
<b>Special Tax Violations</b> Dollars Assessed by Industrial Code	Exhibit E	<i>pg. 39</i>
<b>Miscellaneous Tax Violations</b> Dollars Assessed by Industrial Code	Exhibit F	<i>pg. 40</i>





# AUDIT EXHIBITS

EXHIBIT

**A**

## TAXPAYER ASSISTANCE REPORT BY DISTRICT OFFICE

Page 29

EXHIBIT

**B**

## STANDARD INDUSTRIAL CODES

Page 30

EXHIBIT

**C**

## SALES AND USE TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODE

Page 31

EXHIBIT

**D**

## ADJUSTED GROSS INCOME TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODE

Page 36

EXHIBIT

**E**

## SPECIAL TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODE

Page 39

EXHIBIT

**F**

## MISCELLANEOUS VIOLATIONS

DOLLARS ASSESSED BY INDUSTRIAL CODE

Page 40



# TAXPAYER ASSISTANCE REPORT

## By District Offices

ZONE/DISTRICT	Walk-ins	Phones/Fax/Email	Totals
BLOOMINGTON (09)	4,463	9,188	13,651
CLARKSVILLE (11)	8,517	17,710	26,227
COLUMBUS (10)	3,768	11,441	15,209
EVANSVILLE (12)	3,565	9,990	13,555
FORT WAYNE (03)	4,492	10,819	15,311
KOKOMO (05)	3,714	16,815	20,529
LAFAYETTE (04)	1,957	13,466	15,423
MERRILLVILLE (13)	8,545	3,833	12,378
MUNCIE (06)	3,304	6,100	9,404
SOUTH BEND (02)	5,565	4,866	10,431
TERRE HAUTE (08)	2,607	14,445	17,052
<b>TOTAL</b>	<b>50,497</b>	<b>118,673</b>	<b>169,170</b>



# STANDARD INDUSTRIAL CODES

<b>Class</b>	<b>Explanation</b>
<b>1</b>	Agricultural; Forestry
<b>2</b>	Mining; Oil and Gas Extraction; Construction
<b>3</b>	Manufacturing
<b>4</b>	Wholesale; Retail; Transportation
<b>5</b>	Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
<b>6</b>	Education; Health Services
<b>7</b>	Arts; Entertainment; Recreation; Food Service; Accommodations
<b>8</b>	Repair; Personal Services; Other Services
<b>9</b>	Public Administration, Unrelated Business Activities, Individuals

The Standard Industrial codes (SIC) used in the Audit Division reports and exhibits are based on the North American Industry Classification System (NAICS). Refer to the following text to explain the industry classification numbering system.



# SALES AND USE TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
<a href="#">45 IAC 2.2-1-1</a>		635	42,604	137,437	12,659		2,265	15,287	12,770	\$ 223,658.14
<a href="#">45 IAC 2.2-2-1</a>			1,776	64,434	47,567		13,534			\$ 127,311.22
<a href="#">45 IAC 2.2-2-2</a>		8,144	2,071,416	281,477	3,152	952	20,956	24,197	2,709	\$ 2,413,004.79
<a href="#">45 IAC 2.2-3- 1</a>					30,887					\$ 30,887.30
<a href="#">45 IAC 2.2-3- 2</a>				8,939						\$ 8,939.19
<a href="#">45 IAC 2.2-3- 3</a>					5,295					\$ 5,294.67
<a href="#">45 IAC 2.2-3- 4</a>	301,331	364,956	(189,182)	760,973	979,185	24,333	428,846	154,174	98,075	\$ 2,922,690.75
<a href="#">45 IAC 2.2-3- 5</a>		280		27,696				1,190	79,240	\$ 108,405.90
<a href="#">45 IAC 2.2-3- 8</a>		15,892	1,057					1,244		\$ 18,192.27
<a href="#">45 IAC 2.2-3- 9</a>		788				(9,774)				\$ (8,985.44)
<a href="#">45 IAC 2.2-3-10</a>		(847)								\$ (847.00)
<a href="#">45 IAC 2.2-3-12</a>		460,484	16,173	1,925	10,139				39,245	\$ 527,965.05
<a href="#">45 IAC 2.2-3-13</a>			19,624		204		7,952	1,548		\$ 29,327.79
<a href="#">45 IAC 2.2-3-14</a>			(1,670)				(2,934)			\$ (4,603.64)
<a href="#">45 IAC 2.2-3-15</a>		37,036		8,051	8,452			579		\$ 54,117.61
<a href="#">45 IAC 2.2-3-16</a>		1,111	(3,452)	3,535	104	144	152			\$ 1,594.41
<a href="#">45 IAC 2.2-3-20</a>	106,894	232,030	132,486	2,043,778	479,348	37,752	200,330	115,456	96,569	\$ 3,444,642.40
<a href="#">45 IAC 2.2-3-22</a>								672		\$ 671.88
<a href="#">45 IAC 2.2-3-24</a>				5,496			12,213			\$ 17,709.04
<a href="#">45 IAC 2.2-3-26</a>			4,505		5					\$ 4,510.11
<a href="#">45 IAC 2.2-3-27</a>	(34)	680,093	84,523	89,148	87,367	176,890	106,362	90,078	263	\$ 1,314,689.27
<a href="#">45 IAC 2.2-3-4</a>			8,298		365,404	4,034				\$ 377,735.65
<a href="#">45 IAC 2.2-3-9</a>		10,539								\$ 10,539.49
<a href="#">45 IAC 2.2-4- 1</a>		12,125	623,881	3,663,066	3,177,623	131	501,269	17,730		\$ 7,995,824.95
<a href="#">45 IAC 2.2-4- 2</a>		(12,963)	(66,253)	(9,077)	32,468		1,576	10,933		\$ (43,315.42)
<a href="#">45 IAC 2.2-4- 8</a>	44,663			3,716	6,684		64,880			\$ 119,943.34
<a href="#">45 IAC 2.2-4-11</a>		363,758	1,046							\$ 364,803.70

\* For SIC explanation, see [page 30](#).

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)

# SALES AND USE TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">45 IAC 2.2-4-13</a>			(8,848)	(19,454)			(24,380)				\$ (52,681.96)
<a href="#">45 IAC 2.2-4-22</a>		2,167			648						\$ 2,814.18
<a href="#">45 IAC 2.2-4-26</a>		222,760	2,179	24,103	6,425						\$ 255,466.96
<a href="#">45 IAC 2.2-4-27</a>	25,169	12,790	237,192	19,220	46,312		63,138	104	3,092		\$ 407,015.29
<a href="#">45 IAC 2.2-4-31</a>				30,193	1,530,809						\$ 1,561,002.11
<a href="#">45 IAC 2.2-4-32</a>				11,272	22,544						\$ 33,816.00
<a href="#">45 IAC 2.2-4-33</a>				45,630							\$ 45,629.86
<a href="#">45 IAC 2.2-5- 4</a>	173,226		39,173	9,878					25,824		\$ 248,101.28
<a href="#">45 IAC 2.2-5- 5</a>				679							\$ 678.53
<a href="#">45 IAC 2.2-5- 6</a>	12,845			53,629							\$ 66,474.15
<a href="#">45 IAC 2.2-5- 7</a>	11,707										\$ 11,706.71
<a href="#">45 IAC 2.2-5- 8</a>		46,374	7,181,905	177,242	(59,886)		32,885	9,451	24,767		\$ 7,412,736.89
<a href="#">45 IAC 2.2-5- 9</a>		59,332									\$ 59,332.22
<a href="#">45 IAC 2.2-5-10</a>			1,754,238	27,996	3,237		53,287	13,508			\$ 1,852,265.80
<a href="#">45 IAC 2.2-5-12</a>		(6,070)	41,131	352,725			(28,968)	(169)			\$ 358,648.66
<a href="#">45 IAC 2.2-5-14</a>			(33,714)	(1,431)	(4,762)		(1,454)				\$ (41,360.51)
<a href="#">45 IAC 2.2-5-15</a>	(6,891)	(13,193)	(38,384)	271	(51,410)		(26,981)	(12,922)	(2,893)		\$ (152,402.61)
<a href="#">45 IAC 2.2-5-16</a>			60,172	94,714				(112)			\$ 154,773.72
<a href="#">45 IAC 2.2-5-20</a>					5,579						\$ 5,578.57
<a href="#">45 IAC 2.2-5-26</a>		(35)	108	1,143	390	114	3,217	47			\$ 4,983.86
<a href="#">45 IAC 2.2-5-28</a>				791		(243,932)					\$ (243,140.53)
<a href="#">45 IAC 2.2-5-36</a>				28,744	535	35,293					\$ 64,571.18
<a href="#">45 IAC 2.2-5-38</a>			(56)	575							\$ 519.41
<a href="#">45 IAC 2.2-5-43</a>							6,163				\$ 6,162.96
<a href="#">45 IAC 2.2-5-45</a>			188	133			7,835				\$ 8,156.89
<a href="#">45 IAC 2.2-5-53</a>				(102,392)							\$ (102,392.33)
<a href="#">45 IAC 2.2-5-54</a>			368								\$ 368.36

\* For SIC explanation, see page 30.

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)



# SALES AND USE TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">45 IAC 2.2-5-55</a>				3,649		117,557	27,023				\$ 148,229.38
<a href="#">45 IAC 2.2-5-61</a>			7,767	9,661	(1,363)				(14)		\$ 16,051.84
<a href="#">45 IAC 2.2-5-62</a>				4,934							\$ 4,933.50
<a href="#">45 IAC 2.2-6- 6</a>			15,081	869					(1,387)		\$ 14,562.83
<a href="#">45 IAC 2.2-6- 8</a>	56,155	(14,312)	132,489	1,205,181	328,920		418,041	113,205			\$ 2,239,678.26
<a href="#">45 IAC 2.2-6-12</a>				(222,991)	(253,222)						\$ (476,213.59)
<a href="#">45 IAC 2.2-6-14</a>		158	75	2,790			(442)	47			\$ 2,627.54
<a href="#">45 IAC 2.2-7-2</a>				2,005						304	\$ 2,309.46
<a href="#">45 IAC 2.2-7-3</a>				45,315							\$ 45,314.75
<a href="#">45 IAC 2.2-7-5</a>				61,486	247,557						\$ 309,043.70
<a href="#">45 IAC 2.2-7-6</a>				112,167							\$ 112,167.08
<a href="#">45 IAC 2.2-7-7</a>				50,069							\$ 50,068.61
<a href="#">45 IAC 2.2-8-5</a>									9,265		\$ 9,265.47
<a href="#">45 IAC 2.2-8-12</a>	46,846	41,852	189,770	1,194,353	68,473	1,726	34,959	43,129	28,586		\$ 1,649,693.49
<a href="#">45 IAC 2.2-9-4</a>				577							\$ 576.64
<a href="#">45 IAC 3.1-1-97</a>									4,786		\$ 4,785.61
<a href="#">45IAC 15-9-2</a>				178,437							\$ 178,437.00
<a href="#">IC 6-2.5- 1- 5</a>		3,490	189	28,227	69,297	391	18,919	518			\$ 121,030.70
<a href="#">IC 6-2.5- 1-14</a>			4,898	7,408				9			\$ 12,314.77
<a href="#">IC 6-2.5- 1-24</a>		7,534	1,396	2,316	22,827	1,231	5,341	468			\$ 41,112.74
<a href="#">IC 6-2.5- 1-26.5</a>					(6,861)						\$ (6,860.64)
<a href="#">IC 6-2.5- 2-2</a>							20				\$ 19.76
<a href="#">IC 6-2.5- 2-3</a>				13,567							\$ 13,566.72
<a href="#">IC 6-2.5- 3-2</a>		180,601	(16,276)	1,729	34,215		8,885				\$ 209,153.69
<a href="#">IC 6-2.5-4- 1</a>			(15,741)	605	46,806	43	1,023,568				\$ 1,055,282.66
<a href="#">IC 6-2.5-4- 4</a>							2,556				\$ 2,555.70
<a href="#">IC 6-2.5-4- 6</a>					1,464						\$ 1,463.71

\* For SIC explanation, see [page 30](#).

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)

# SALES AND USE TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">IC 6-2.5-4-9</a>		7,835	363,124	1,305							\$ 372,263.82
<a href="#">IC 6-2.5-4-17</a>			15,896	671	18,606	132	2,589				\$ 37,893.54
<a href="#">IC 6-2.5-5-5.1</a>			2,028	6,109			4,255				\$ 12,392.02
<a href="#">IC 6-2.5-5-7</a>		(189)									\$ (189.35)
<a href="#">IC 6-2.5-5-8</a>			25,550								\$ 25,550.06
<a href="#">IC 6-2.5-5-10</a>		26,453									\$ 26,453.32
<a href="#">IC 6-2.5-5-11</a>		10,028									\$ 10,027.70
<a href="#">IC 6-2.5-5-13</a>					(87,632)						\$ (87,632.21)
<a href="#">IC 6-2.5-5-20</a>	5,276		1,267	59,583	62,242		(1,010)				\$ 127,358.62
<a href="#">IC 6-2.5-5-35</a>				(474)			(8,778)				\$ (9,252.55)
<a href="#">IC 6-2.5-5-40</a>			(8,848)		202,743	(4,003)					\$ 189,892.43
<a href="#">IC 6-2.5-5-45.8</a>		(6,806)	641	34,835	(21,082)						\$ 7,588.24
<a href="#">IC 6-2.5-5-50</a>							(61)				\$ (60.86)
<a href="#">IC 6-2.5-6-1</a>				26,742			12,275				\$ 39,016.81
<a href="#">IC 6-2.5-6-9</a>				385,697	285,520						\$ 671,216.77
<a href="#">IC 6-2.5-6-10</a>			573		6,442						\$ 7,014.84
<a href="#">IC 6-2.5-6-14.1</a>		46,208	363,871	288,330	990,150						\$ 1,688,558.78
<a href="#">IC 6-2.5-7-5</a>				17,747							\$ 17,746.69
<a href="#">IC 6-2.5-7-9</a>				(4,637)							\$ (4,637.39)
<a href="#">IC 6-2.5-7-10</a>				1,024							\$ 1,024.16
<a href="#">IC 6-2.5-8-8</a>		376,453									\$ 376,452.98
<a href="#">IC 6-3.1-1-1</a>					(78)						\$ (77.58)
<a href="#">IC 6-3-4-8</a>				26,151							\$ 26,151.45
<a href="#">IC 6-8.1-9-1</a>			63								\$ 63.18
<a href="#">IC 6-9-12</a>			3,533	1,245	108						\$ 4,886.45
<a href="#">IC 6-9-12-2</a>			603	7,671			297,121	3,892			\$ 309,286.82
<a href="#">IC 6-9-20-3</a>							5,000				\$ 4,999.99

\* For SIC explanation, see page 30.

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)



# SALES AND USE TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">IC 6-9-21</a>			359		244						\$ 602.96
<a href="#">IC 6-9-21-3</a>				7,544							\$ 7,543.58
<a href="#">IC 6-9-27-4</a>				42,586			58,123				\$ 100,708.75
<a href="#">IC 6-9-33-3</a>							174				\$ 173.86
<a href="#">IC 6-9-35</a>			193		79						\$ 272.48
<a href="#">IC 6-9-35-5</a>							19,005				\$ 19,005.11
<a href="#">IC 6-2.5-2-1</a>		162,483	3,142,660	2,508,411	3,182,083	228,230	46,739	1,091,124			\$ 10,361,730.99
<a href="#">IC 6-2.5-5-2</a>			75,957								\$ 75,957.08
<a href="#">IC 6-2.5-5-27</a>				116,173							\$ 116,173.24
<a href="#">IC 6-3-4-13(1)(C)'</a>			8,730								\$ 8,730.47
<a href="#">IC 6-8.1-9-2(d)</a>					1,408						\$ 1,407.70
<b>Grand Total</b>	<b>777,186</b>	<b>3,339,974</b>	<b>16,298,332</b>	<b>14,075,319</b>	<b>11,945,911</b>	<b>371,246</b>	<b>3,416,445</b>	<b>1,693,984</b>	<b>422,602</b>	<b>\$ 52,340,999.40</b>	

\* For SIC explanation, see page 30.

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)



# ADJUSTED GROSS INCOME TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
<a href="#">45 IAC 3.1-1</a>			25,000		50,986				3,906,108	\$ 3,982,094.12
<a href="#">45 IAC 3.1-1- 1</a>									1,518,196	\$ 1,518,196.00
<a href="#">45 IAC 3.1-1- 2</a>				4,392					438,839	\$ 443,230.80
<a href="#">45 IAC 3.1-1- 5</a>			2,779						12,572	\$ 15,351.00
<a href="#">45 IAC 3.1-1- 8</a>		8,093		174,691			88,516		17,422	\$ 288,722.00
<a href="#">45 IAC 3.1-1- 9</a>		13,007	167,109	(2,288)						\$ 177,828.00
<a href="#">45 IAC 3.1-1- 10</a>									7,694	\$ 7,694.00
<a href="#">45 IAC 3.1-1- 25</a>									55,289	\$ 55,288.64
<a href="#">45 IAC 3.1-1- 29</a>					41,113				699	\$ 41,812.00
<a href="#">45 IAC 3.1-1- 34</a>							16,954			\$ 16,954.00
<a href="#">45 IAC 3.1-1- 37</a>				4,507						\$ 4,507.00
<a href="#">45 IAC 3.1-1- 38</a>									(15,169)	\$ (15,169.00)
<a href="#">45 IAC 3.1-1- 50</a>			666,105		(33,306)					\$ 632,799.00
<a href="#">45 IAC 3.1-1- 52</a>			(10,347)	(12,385)	6,623					\$ (16,109.00)
<a href="#">45 IAC 3.1-1- 53</a>			262,929	40,364	136,279			3,930		\$ 443,502.00
<a href="#">45 IAC 3.1-1- 55</a>					1,029,889				1,517,594	\$ 2,547,483.00
<a href="#">45 IAC 3.1-1- 66</a>				36,147					1,205,681	\$ 1,241,828.24
<a href="#">45 IAC 3.1-1- 67</a>									16,160	\$ 16,160.00
<a href="#">45 IAC 3.1-1- 94</a>				10,280						\$ 10,280.00
<a href="#">45 IAC 3.1-1- 97</a>	80,108	67,086	7,148,517	261,325	89,699	16,012	92,542	31,888	77,141	\$ 7,864,317.80
<a href="#">45 IAC 3.1-1-101</a>			611							\$ 611.11
<a href="#">45 IAC 3.1-1-106</a>									90,567	\$ 90,567.40
<a href="#">45 IAC 3.1-1-107</a>									(460)	\$ (460.00)
<a href="#">45 IAC 3.1-1-109</a>			15,000				910		2,522	\$ 18,432.00
<a href="#">45 IAC 3.1-1-111</a>				12,806						\$ 12,806.00
<a href="#">45 IAC17-2-6</a>					4,076					\$ 4,076.00

\* For SIC explanation, see [page 30](#).

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)



# ADJUSTED GROSS INCOME TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">45IAC 2.2-3-1</a>		6,550		14,025	27,790					1,898,492	\$ 1,946,857.21
<a href="#">IC 6-2.3-2-4</a>							8,232				\$ 8,231.94
<a href="#">IC 6-2.5</a>					4,375						\$ 4,375.33
<a href="#">IC 6-2.5-1-6</a>				470							\$ 470.16
<a href="#">IC 6-2.5-2-2</a>			5								\$ 5.03
<a href="#">IC 6-2.5-2-3</a>		214		385							\$ 598.90
<a href="#">IC 6-2.5-4-5</a>			81	600							\$ 680.85
<a href="#">IC 6-2.5-4-6(a)(b)</a>				846	879		694				\$ 2,419.57
<a href="#">IC 6-2.5-5-27</a>						2,079			385		\$ 2,464.45
<a href="#">IC 6-2.5-5-35</a>						114					\$ 114.35
<a href="#">IC 6-2.5-5-8(b)</a>						962					\$ 961.52
<a href="#">IC 6-2.5-6-1</a>								0			\$ 0.24
<a href="#">IC 6-2.5-6-10</a>			3								\$ 3.00
<a href="#">IC 6-2.5-6-14.1</a>			7,288		4,060	4,976					\$ 16,324.28
<a href="#">IC 6-3-3</a>				2,058							\$ 2,058.00
<a href="#">IC 6-3-3-1</a>				455							\$ 454.60
<a href="#">IC 6-3-4-1(3)</a>				243							\$ 243.01
<a href="#">IC 6-3-4-6 (C)</a>									10,762,190		\$ 10,762,190.05
<a href="#">IC 6-3-4-8</a>		175	5,366	1,673	683	1,172	48	2,571			\$ 11,689.19
<a href="#">IC 6-8.1-10-3</a>			105								\$ 105.00
<a href="#">IC 6-8.1-3-12(a)</a>				961		3,814		11,018			\$ 15,793.26
<a href="#">IC 6-8.1-8-4</a>		1,047	50			2,301					\$ 3,397.67
<a href="#">IC 6-8.1-8-5</a>				1,370							\$ 1,370.25
<a href="#">IC 6-8.1-9-1</a>			397	2,835	9,606	1		569	6,587		\$ 19,994.34
<a href="#">IC 6-8.1-9-1(a)</a>			4,261	7,409	3,747						\$ 15,417.36
<a href="#">IC 6-8.1-9-1(b)</a>			8,387	7,001			2,135				\$ 17,523.29

\* For SIC explanation, see page 30.

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# ADJUSTED GROSS INCOME TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">IC 6-9-18-3</a>				2,331						\$ 2,331.31
<a href="#">IC 6-2.3-1-4</a>		1,082							3,543	\$ 4,625.00
<a href="#">IC 6-2.3-5-3</a>					48,385					\$ 48,385.00
<a href="#">IC 6-3-1-3.5</a>		6,114	5,642,040	380,249	1,410,273	38,927	182,279	1,790	126,916	\$ 7,788,587.35
<a href="#">IC 6-3-2- 1</a>									31,568	\$ 31,568.00
<a href="#">IC 6-3-2- 1.5</a>					120,817					\$ 120,817.00
<a href="#">IC 6-3-2- 2</a>			2,955,183	538,276	809,738				5,645	\$ 4,308,842.00
<a href="#">IC 6-3-2- 2.6</a>			2,062	1,821,945	275,763		2,316	5,291	(15,568)	\$ 2,091,809.00
<a href="#">IC 6-3-2-12</a>					(245,822)					\$ (245,822.00)
<a href="#">IC 6-3-4- 6</a>				52,291	(432)					\$ 51,859.00
<a href="#">IC 6-3-4- 8</a>	45,330	74,305	88,633	41,756	34,051	280,372	3,236	5,701		\$ 573,384.86
<a href="#">IC 6-3-4-12</a>				(5,214)		126,809	929			\$ 122,524.00
<a href="#">IC 6-3-4-13</a>			7,283	45,905			6,187			\$ 59,375.23
<a href="#">IC 6-3-4-14</a>			(4,063)		24,847					\$ 20,784.00
<a href="#">IC 6-3.1- 4-1</a>			573,844		748,639				18,026	\$ 1,340,509.00
<a href="#">IC 6-3.1- 4-7</a>									647,732	\$ 647,732.00
<a href="#">IC 6-3.1-21-6</a>									1,081	\$ 1,081.00
<a href="#">IC 6-3.1-26-16</a>									(18,088)	\$ (18,088.00)
<a href="#">IC 6-3.5-1.1- 1</a>									4,346	\$ 4,345.69
<a href="#">IC 6-5.5-5-1</a>					1,679,576					\$ 1,679,576.00
<a href="#">IC 6-9- 8-2</a>					28,930		38,427			\$ 67,357.80
<b>Grand Total</b>	<b>125,438</b>	<b>177,672</b>	<b>17,568,629</b>	<b>3,447,709</b>	<b>6,311,265</b>	<b>477,540</b>	<b>443,406</b>	<b>62,758</b>	<b>22,323,711</b>	<b>\$ 50,938,128.20</b>

\* For SIC explanation, see page 30.

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

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# SPECIAL TAX AUDITS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
<a href="#">IC 6-2.5-3</a>				(21,130)						\$ (21,130.42)
<a href="#">IC 6-2.5-3.5-16</a>				83,045						\$ 83,045.12
<a href="#">IC 6-2.5-3.5-19</a>				(27,543)						\$ (27,543.36)
<a href="#">IC 6-2.5-3.5-21</a>				3,842						\$ 3,842.25
<a href="#">IC 6-6-1.1-201</a>				39,343						\$ 39,343.36
<a href="#">IC 6-6-1.1-301</a>				3,670						\$ 3,669.59
<a href="#">IC 6-6-1.1-502</a>				131,247						\$ 131,246.82
<a href="#">IC 6-6-13</a>				3,649	97				39	\$ 3,784.53
<a href="#">IC 6-6-2.5-62</a>				332						\$ 331.52
<a href="#">IC 6-6-4.1-2</a>				(719)						\$ (718.74)
<a href="#">IC 6-6-4.1-9</a>				1,157						\$ 1,156.76
<a href="#">IC 6-6-9-7</a>									674	\$ 674.23
<a href="#">IC 6-6-9-9</a>					17,741					\$ 17,741.37
<a href="#">IC 6-7-1-19</a>				1,358						\$ 1,358.18
<a href="#">IC 6-7-2-7</a>	3	1,344	104	798,850			3,789		11,192	\$ 815,282.79
<a href="#">IC 6-7-2-12</a>				110,221						\$ 110,220.54
<a href="#">IC 6-7-2-14</a>				(270)						\$ (269.98)
<a href="#">IC 16-44-2-18</a>				5,515						\$ 5,514.84
<a href="#">IC 22-11-14-12</a>				80,389	17,780		29,872		14,310	\$ 142,351.37
<a href="#">IC 7.1-4-2</a>			1,621	239						\$ 1,859.77
<a href="#">IC 7.1-4-4</a>			11,490							\$ 11,489.87
<a href="#">IC 9-20-5-7</a>				765						\$ 765.00
<b>IFTA Non-Indiana Assessment Adequate Rating</b>	667	25	221	228,417	(125)			1,010		\$ 230,215.16
<b>IFTA Non-Indiana Assessment Inadequate Rating</b>	7,163	1,520	(4,837)	816,329	403		1,665	1,265	821	\$ 824,328.02
<b>Indiana IFTA Assessment Adequate Rating</b>	387	42	799	31,897	1,402			2,499		\$ 37,025.67
<b>Indiana IFTA Assessment Inadequate Rating</b>	3,526	3,211	(16,283)	198,695	187		419	1,963	1,744	\$ 193,462.28
<b>IRP Article X-1005</b>	103	(104)	(142)	12,844				2,325		\$ 15,025.73
<b>IRP Article X-1015</b>	1,883	1,328	913	179,430	820		317	950		\$ 185,642.45
<b>Motor Carrier Assessment Adequate Records</b>		(1,811)		2,472						\$ 661.19
<b>Motor Carrier Assessment Inadequate Records</b>		9,534		5,296	21,828					\$ 36,658.05
<b>Grand Total</b>	<b>13,733</b>	<b>15,089</b>	<b>(6,113)</b>	<b>2,689,338</b>	<b>60,133</b>		<b>36,062</b>	<b>10,012</b>	<b>28,779</b>	<b>\$ 2,847,033.96</b>



# MISCELLANEOUS VIOLATIONS

## Dollars Assessed by Industrial Code

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">IC 6-8.1- 4-2</a>				5,190	132		(58,695)				\$ (53,373.97)
<a href="#">IC 6-8.1- 5-1</a>				141,650				104,336			\$ 245,985.86
<a href="#">IC 6-8.1- 5-2</a>		4,143							50,312		\$ 54,455.00
<a href="#">IC 6-8.1- 5-4</a>				54,162			1,568				\$ 55,730.66
<a href="#">IC 6-8.1- 9-1</a>				199,038	358,863				10,287		\$ 568,188.02
<a href="#">IC 6-8.1- 9-2</a>		(700)		(63,217)							\$ (63,916.82)
<a href="#">IC 6-8.1-10-2.1</a>			1,500	6,086			4,000				\$ 11,586.00
<a href="#">IC 13-11-2</a>				3,641							\$ 3,641.26
<a href="#">IC 13-20-13-7</a>				1,734							\$ 1,733.75
<a href="#">IC 36-8-16.6-13</a>				877							\$ 876.50
<b>Grand Total</b>		<b>3,443</b>	<b>1,500</b>	<b>349,161</b>	<b>358,995</b>		<b>(53,127)</b>	<b>104,336</b>	<b>60,599</b>		<b>\$ 824,906.26</b>

\* For SIC explanation, see page 30.

\*\* To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html)

\*\* To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code)



## AREAS OF RECURRING TAXPAYER NONCOMPLIANCE

### Returns Processing

The vast majority of returns and forms sent to DOR annually are prepared correctly, and DOR processes them using the latest technology available. In FY 2017, DOR received 1.3 million paper documents, an additional 759,000 paper wage statements and 2.05 million checks to be processed. Some of those items were received with incomplete information or no basic information from the taxpayer (such as checks without an accompanying return). When this occurs, DOR must determine what to do with the information or money it has received.

### Failure to Complete a Tax Return or Filing

When a return is received lacking the necessary information, including all W-2s, schedules, and required enclosures and documentation, the return is selected for special processing. We then work with the customer to obtain the customer to obtain all required information. DOR worked approximately 704 returns with this classification this year.

### Duplication of Filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then sends DOR a paper copy of the return, along with the payment or as an informational return. In FY 2017, DOR received approximately 13,536 duplicate returns. Many of these duplicate filings were a result of taxpayer confusion. They filed electronically, but then, having doubts about the efficacy of the electronic filing, they sent a paper return just to make sure that their taxes were filed. After a duplicate filing is identified, an employee must go into the tax processing system to mark the second filing as “information only” to ensure accuracy. DOR’s ability to process more returns electronically has reduced this number in recent years.



*DOR team during the Midwestern States Association of Tax Administrators (MSATA) Conference.*

### Calculation Errors

When a calculation error is detected, the return is flagged for review. This past tax season more than 243,683 returns were flagged in this manner. An employee must examine the return and determine whether the error: is truly a calculation error; is a problem with how the information was interpreted in the data-capture process; or occurred because data was placed on an incorrect form line. After the error has been analyzed and corrected, the return is successfully processed. The shift to electronic filing and improvements in high-speed imaging and data capture have improved accuracy.

## Claiming Credits Incorrectly

Sometimes taxpayers claim credits that are not substantiated or do not have the proper documentation included with the return. This can cause the credit to be denied. When this occurs, an employee must contact the customer to get the necessary information. In 2017, more than 105,785 tax returns fell into this category. Efforts are continuously made to improve tax preparation and education.

## Miscellaneous

The following filing issues require more time for data entry and processing:

- Unidentified checks – 49,300:  
The majority of these are generated by third-party bill pay services, who submit a check with no voucher, which prevents DOR from using its high-speed processing equipment.
- WH-3 filed outside of legislative-mandated guidelines.
  - a. Taxpayers submitting more than 25 wage statements – 3,824.



*DOR Lafayette District Office Team.*

- DOR worked an additional 17,000 paper returns that had to be processed manually. This is often a result of older forms being used that require manual processing.

## Solution

Each of the previously mentioned requires manual data entry to process a return correctly. We are addressing these with awareness campaigns through the tax preparer community and DOR's website, written communication to taxpayers who repeatedly file incorrectly, problem identification



*DOR Fort Wayne District Office Team.*

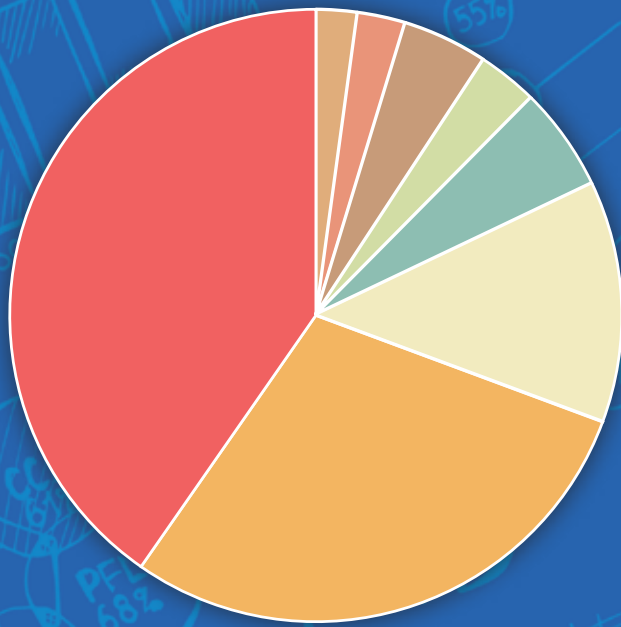
and remediation on in-bound customer contact, and conducting out-bound customer contact for problem accounts.

These improvement and educational activities are designed to help customers learn to use the correct practices that will expedite the correct processing of returns.



# SUMMARY OF FISCAL YEAR 2017 TAX RECEIPTS

In FY 2017, DOR collected more than \$18 billion representing more than 60 active tax types.



**Total \$18,739,038,927**  
(total receipts in thousands)

	<b>Other Taxes</b> \$403,861,581
	<b>Cigarette / Alcohol Taxes</b> \$483,753,489
	<b>Motor Carrier / Motor Fuel Taxes</b> \$843,653,499
	<b>Total Gaming Taxes</b> \$592,046,363
	<b>Corporate Income Taxes</b> \$1,025,499,232
	<b>Local Option Income Taxes</b> \$2,397,790,001
	<b>Individual Adjusted Gross Income Tax</b> \$5,435,292,455
	<b>Sales &amp; Use Tax</b> \$7,557,142,307

# INDIANA TAX RECEIPTS

Tax Type	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	\$ incr(decr)	% incr(decr)
Aircraft License Excise Tax	\$517.7	\$577.9	\$445.2	\$491.9	\$557.3	\$43.8	\$1,187.1	\$1,143.3	2612%
Aircraft Registration Fee	\$74.6	\$77.0	\$73.2	\$79.2	\$87.7	\$22.8	\$64.5	\$41.6	182%
Alcoholic Beverage Tax	\$43,935.4	\$44,154.2	\$45,248.0	\$45,954.7	\$46,063.6	\$48,309.7	\$49,402.8	\$1,093.1	2%
Alternative Fuel	\$0.0	\$0.0	\$0.0	\$232.4	\$864.9	\$692.3	\$364.7	(\$327.6)	-47%
Auto Rental Excise Tax	\$10,459.6	\$11,184.1	\$10,563.2	\$12,511.3	\$12,543.8	\$13,175.1	\$13,912.1	\$737.0	6%
Aviation Fuel Tax	\$0.0	\$0.0	\$0.0	\$1,501.9	\$1,720.3	\$1,705.2	\$1,842.6	\$137.3	8%
Charity Gaming Excise Tax	\$1,276.4	\$1,229.8	\$1,146.0	\$1,138.7	\$1,085.2	\$1,137.7	\$1,050.0	(\$87.7)	-8%
Cigarette / Other Tobacco Tax	\$478,612.9	\$456,170.5	\$461,636.8	\$447,561.4	\$439,264.5	\$443,209.9	\$434,350.7	(\$8,859.2)	-2%
Corporate Adjusted Gross Income Tax	\$625,961.9	\$700,296.1	\$669,063.9	\$764,355.1	\$777,777.5	\$699,192.6	\$730,919.4	\$31,726.8	5%
County Adjusted Gross Income Tax (CAGIT)	\$473,890.8	\$511,663.3	\$529,134.8	\$619,385.6	\$728,955.2	\$777,201.6	\$399,052.1	(\$378,149.6)	-49%
County Economic Development Income Tax (CEDIT)	\$257,756.2	\$272,408.7	\$279,006.7	\$304,800.3	\$326,601.9	\$336,123.7	\$171,657.2	(\$164,466.5)	-49%
County Innkeepers Tax (CIT)	\$42,443.9	\$49,261.0	\$49,577.1	\$51,566.0	\$61,088.7	\$60,545.2	\$60,915.8	\$370.6	1%
County Option Income Tax (COIT)	\$695,221.6	\$739,869.9	\$754,692.9	\$805,742.9	\$882,188.9	\$935,027.7	\$477,079.5	(\$457,948.2)	-49%
Employment Agency Licensing Fee	\$24.8	\$28.1	\$33.8	\$30.8	\$27.6	\$23.9	\$17.7	(\$6.1)	-26%
Enhanced Prepaid Wireless Telecommunication Fee	\$2,098.4	\$2,357.2	\$4,769.6	\$5,454.0	\$5,772.1	\$11,555.4	\$13,321.3	\$1,765.9	15%
Estate Tax	\$10.8	\$0.0	\$0.0					\$0.0	
Financial Institutions Tax	\$55,575.7	\$94,212.1	\$112,521.2	\$102,391.6	\$125,795.4	\$120,198.3	\$100,966.5	(\$19,231.8)	-16%
Fireworks Public Safety Fee	\$2,578.9	\$2,540.2	\$1,524.2	\$2,270.5	\$2,625.9	\$2,796.5	\$2,842.4	\$45.9	2%
Food and Beverage Tax	\$67,435.3	\$71,699.3	\$73,732.0	\$73,039.5	\$86,119.7	\$87,079.6	\$88,009.5	\$929.9	1%
Gasoline Tax	\$543,037.9	\$534,704.5	\$529,619.8	\$527,290.1	\$540,082.5	\$556,824.2	\$559,484.9	\$2,660.7	0%
Hazardous Chemical Fee	\$511.0	\$483.8	\$512.9	\$551.1	\$503.0	\$566.3	\$594.8	\$28.5	5%
Hazardous Waste Disposal Tax	\$1,023.8	\$1,252.3	\$1,188.9	\$1,237.7	\$0.0	\$0.0		\$0.0	
Historic Hotel District Community Support Fee						\$2,500.0	\$2,500.0	\$0.0	0%
Individual Adjusted Gross Income Tax	\$4,592,628.2	\$4,765,466.5	\$4,972,809.6	\$4,896,316.5	\$5,232,989.3	\$5,218,165.8	\$5,435,292.5	\$217,126.6	4%
Inheritance Tax	\$148,664.0	\$176,026.5	\$165,479.2	\$87,712.2	\$4,594.7	\$871.8	\$784.4	(\$87.5)	-10%
International Registration Plan (IRP) Licensing Fee	\$89,598.7	\$91,289.4	\$93,387.9	\$96,099.9	\$103,792.9	\$104,384.2	\$104,859.7	\$475.5	0%
K-12 Check-off	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$56.1	\$41.6	(\$14.5)	-26%
Local Income Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,139,622.1		
LOIT/LIT Reserve	\$0.0	\$0.0	\$207,954.0	\$200,798.4	\$180,844.0	\$215,367.0	\$210,379.2	(\$4,987.8)	-2%
Marion County Admissions Tax	\$7,144.0	\$6,606.9	\$8,259.4	\$14,151.7	\$13,166.5	\$12,963.9	\$13,620.5	\$656.6	5%



# INDIANA TAX RECEIPTS

Tax Type	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	\$ incr(decr)	% incr(decr)
Marion County Supplemental Auto Rental Excise Tax	\$4,136.3	\$4,127.1	\$4,997.3	\$6,486.2	\$7,654.5	\$6,928.6	\$7,190.2	\$261.6	4%
Motor Carrier Fuel Tax	\$1,624.4	\$903.6	\$835.7	\$796.2	\$570.9	\$741.4	\$742.1	\$0.7	0%
Motor Carrier Surcharge Tax	\$87,739.0	\$87,046.2	\$94,228.2	\$99,272.1	\$91,690.5	\$91,147.8	\$92,767.6	\$1,619.9	2%
Motor Vehicle Excise Tax	\$3.9	\$1.1	\$6.2	\$2.8	\$0.5	\$0.6	\$0.3	(\$0.3)	-44%
IMS Admissions Fee	\$0.0	\$0.0	\$0.0	\$295.1	\$1,312.3	\$1,446.3	\$1,561.9	\$115.7	8%
Oversize/Overweight Permit Fee	\$13,391.9	\$15,922.4	\$15,969.6	\$18,200.3	\$20,963.5	\$21,774.4	\$21,328.1	(\$446.4)	-2%
Pari-mutuel Wagering Tax	\$2,985.2	\$2,614.6	\$2,156.8	\$1,963.2	\$1,879.4	\$1,702.1	\$1,619.0	(\$83.0)	-5%
Petroleum Severance Tax	\$1,825.4	\$2,211.6	\$2,421.3	\$2,500.3	\$2,015.1	\$1,012.8	\$1,011.4	(\$1.4)	0%
Public Utility Tax (Railroad Car Companies/Railroads)	\$5,164.3	\$6,176.7	\$6,803.9	\$8,051.7	\$8,618.2	\$10,547.1	\$12,107.1	\$1,560.0	15%
Racino Slot Machine Wagering Tax	\$130,163.0	\$117,459.2	\$105,823.7	\$110,829.1	\$110,663.7	\$110,752.8	\$114,068.2	\$3,315.3	3%
Riverboat Admissions Tax	\$77,227.1	\$74,709.1	\$66,721.2	\$58,190.6	\$55,007.2	\$51,287.9	\$46,740.9	(\$4,547.1)	-9%
Riverboat Wagering Tax	\$656,934.6	\$630,712.0	\$579,759.5	\$485,331.9	\$452,301.9	\$446,408.4	\$429,709.9	(\$16,698.5)	-4%
Sales and Use Tax	\$6,265,193.6	\$6,631,953.0	\$6,801,736.4	\$7,003,425.5	\$7,277,738.2	\$7,305,632.7	\$7,557,142.3	\$251,509.6	3%
Solid Waste Management Fee	\$5,195.5	\$5,464.5	\$5,326.8	\$5,433.5	\$0.0	\$0.0	\$0.0	\$0.0	
Special Fuel Tax	\$178,161.8	\$183,742.0	\$169,616.6	\$177,617.5	\$189,026.3	\$186,164.5	\$190,658.9	\$4,494.4	2%
Type II Gaming (Taverns)	\$396.9	\$390.4	\$416.5	\$403.5	\$414.4	\$437.9	\$477.5	\$39.5	9%
Underground Storage Tank Fee	\$47,449.9	\$49,236.4	\$46,238.4	\$51,191.9	\$50,987.4	\$50,261.6	\$52,584.6	\$2,323.0	5%
Utility Services Use Tax	\$9,495.6	\$9,264.9	\$8,743.6	\$14,084.7	\$12,453.4	\$7,214.0	\$8,526.3	\$1,312.3	18%
Utility Receipts Tax	\$199,072.3	\$201,016.9	\$215,468.0	\$219,406.9	\$218,597.1	\$207,762.2	\$185,087.0	(\$22,675.2)	-11%
Waste Tire Management Fee	\$1,352.8	\$1,364.4	\$1,362.5	\$1,467.6	\$1,533.0	\$1,559.1	\$1,580.2	\$21.0	1%
<b>GRAND TOTAL</b>	<b>\$15,827,996.0</b>	<b>\$16,557,875.0</b>	<b>\$17,101,012.1</b>	<b>\$17,327,616.1</b>	<b>\$18,078,540.6</b>	<b>\$18,152,522.7</b>	<b>\$18,739,038.9</b>	<b>\$586,516.2</b>	<b>3%</b>

# INDIANA TAX DESCRIPTIONS

*This list does not include fees, penalties or any taxes with an effective time of 2018 or later.*

## Aircraft License Excise Tax

Excise tax, due at the time of registration, is determined by weight, age, and type of aircraft. All excise taxes are distributed to the county where the aircraft is usually located when not in use.

## Alcoholic Beverage Excise Tax

Per-gallon rates are as follows: beer = \$0.115; liquor/wine (21% alcohol or more) = \$2.68; wine (less than 21% alcohol) = \$0.47; mixed beverages (14% or less) = \$0.47; malt = \$0.05. These taxes are collected by the Indiana Department of Revenue's Special Tax Division.

## Alternative Fuel Tax

Alternative fuel tax imposes the retail sales tax on purchases of alternative fuels made between Jan. 1, 2014 and Dec. 31, 2016, if the fuel is used in a vehicle providing public transportation. The sales taxes collected are to be used in providing income tax credits for the purchase of heavy vehicles fueled by natural gas.

## Auto Rental Excise Tax

A tax based on the gross retail income from the rental of a motor vehicle weighing not more than 11,000 pounds for less than a 30-day period at a rate of 4%.

## Aviation Fuel Tax

Excise tax collected by retailers of aviation fuel purchased in Indiana at the rate of ten cents (\$0.10) per gallon. This tax is added to the selling price of the aviation fuel. The United States, its agencies or instrumentalities, the state of Indiana and Indiana Air National Guard, and common carriers of passengers or freight are exempt from tax.

## Charity Gaming Excise Tax

A tax based on the sale of pull tabs, punchboards, and tip boards to qualified organizations licensed for charity gaming at a rate of 10% of the wholesale price. It is collected and remitted by the licensed distributor, not who sells to the end consumer.

## Cigarette/Other Tobacco Tax

Rates are as follows: pack of 20 cigarettes = \$0.995; pack of 25 cigarettes = \$1.24375; other tobacco products excluding moist snuff = 24% of wholesale price; moist snuff = \$0.40 per ounce. It is collected and remitted by the licensed distributor.

## Corporate Adjusted Gross Income Tax

The adjusted gross income tax rate for periods prior to July 1, 2012, was 8.5%. Beginning July 1, 2012, the rate reduces by 0.5% per year until July 1, 2015, when the rate will be 6.5%. Beginning July 1, 2016, the rate continues to reduce by 0.25% per year until July 1, 2020, when the rate will be 5.25%. Beginning July 1, 2021, the rate will be 4.9%.



*DOR  
Taxpayer  
Advocate  
Office Team.*



## County Innkeeper's Tax (CIT)

Tax determined locally on the gross income derived from lodging income. Tax may be collected either by DOR or locally through the county treasurer's office.

## Financial Institutions Tax

A tax based on the federal adjusted gross income at a rate of 8.5% for businesses that are engaged in extending credit, leasing (when it is the economic equivalent of extending credit), or credit card operations. Beginning Jan. 1, 2014, the rate reduces by 0.5% per year until Jan. 1, 2017, when the rate will be 6.5%. Beginning Jan. 1, 2019, the rate will be reduced to 6.25%, with further reductions to 6.0% in 2020, 5.5% in 2021, 5.0% in 2022, and 4.9% in 2023.

## Food and Beverage Tax

Tax determined locally for purchases of food and beverages for immediate consumption at a rate of 1% of the retail sales price. Marion County's rate is 2%. An additional 1% is allowed for units adopting under IC 6-9 for a combined rate of 2%. Also, the rate at Historical Hotels (French Lick Casino and associated hotels is 2%.)

## Gasoline Tax

The gasoline tax is \$0.18 per gallon for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

## Gasoline Use Tax

This tax replaced the retail sales tax on gasoline purchases effective July 1, 2014. The gasoline use tax is imposed at the time a retail merchant takes delivery at a flat rate per gallon. The tax rate to be used is calculated each month.

## Individual Adjusted Gross Income Tax

Individuals are taxed on federal adjusted gross income with numerous adjustments for individual residents, partners, stockholders in S corporations, trusts, estates, and nonresidents with Indiana income sources at a rate of 3.4%. Effective Jan. 1, 2015, the rate was reduced to 3.3% for 2015 and 2016. Effective Jan. 1, 2017, the rate will be further reduced to 3.23%.

## Local Income Tax (LIT)

Tax determined locally for county residents or nonresidents whose principal place of residence is within a county that imposes the rate or

who reside in a county that does not impose the tax, but work in a county that does. Rates may be imposed for general expenditures, property taxes, or special purpose expenditures. Rates vary by county.

## Marion County Admissions Tax

Specific to Lucas Oil Stadium, the Indiana Convention Center, Victory Field, and Bankers Life Fieldhouse in Indianapolis for any event at a rate of 10% of the admission price (does not include events sponsored by educational institutions or religious or charitable organizations).

## Marion County Supplemental Auto Rental Excise Tax

A tax based on the gross retail income from the rental in Marion County of a motor vehicle or truck weighing no more than 11,000 pounds for less than a 30-day period at a rate of 6%. Revenue from the tax is paid to the Capital Improvement Board of Managers.

## Motor Carrier Fuel Tax

The per-gallon rate is \$0.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

## Motor Carrier Surchage Tax

The per-gallon rate is \$0.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

## Motor Vehicle Excise Tax

The Indiana Department of Revenue's compliance program is aimed at locating vehicles owned by Indiana residents and registered illegally out of state, thus avoiding state vehicle excise tax. It is based on the age and class of the vehicle, plus penalty and interest for the time period the vehicle is illegally registered. (Except for this program, the motor vehicle excise tax is collected by the Indiana BMV.)

## Pari-Mutuel Wagering Tax

A 2% levy is imposed on the total amount of money wagered on live races and simulcasts conducted at a permit holder's racetrack. The tax is 2.5% of the total amount of money wagered on simulcasts from satellite facilities.

## Petroleum Severance Tax

A tax levied against producers or owners of crude oil or natural gas and imposed at the time these products are removed from the ground at a rate equal to the greater of either 1% of the petroleum value or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

## Public Utility Tax (Railroad Car Companies/Railroads)

A tax based on assessments by the Indiana Department of Local Government Finance on the indefinite location distributable property of a railroad company that provides service within a commuter transportation district.

## Slot Machine Wagering Tax

A pari-mutuel racetrack owner who conducts slot machine gaming at the owner's racetrack is responsible for this and is subject to a graduated tax on 88% of its adjusted gross receipts from 25% to 35%. Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$7 million annually.



*Commissioner Krupp with DOR's Project Management Office during Public Service Recognition Week 2017.*



## Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5% is levied against its adjusted gross receipts (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15% to 40%, depending on the amount of adjusted gross receipts. Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$7 million annually.

Beginning in FY 2014, the lowest tax bracket of 15% can change to 5% if the riverboat had less than \$75 million of AGR during the preceding state fiscal year. An additional tax of \$2.5 million is imposed if the riverboat taxed under the alternative schedule receives AGR exceeding \$75 million in a particular state fiscal year.

## RVs and Truck Campers Excise Tax

The RV Excise Tax must be paid when the RV or truck camper

is required to be registered. Payment is made to a license branch in the vehicle owner's county of residence. When an RV or truck camper is acquired after the annual registration date, the excise tax is reduced by 8.33% for each calendar month after the registration date.

## Sales and Use Tax

A tax imposed on retail transactions collected at the retail level at a rate of 7% on the purchase or rental of tangible personal property, accommodations, public utility service, and other services per IC 6-2.5-4.

## Special Fuel Tax

A license tax of \$0.16 per gallon is imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles.

## Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10% of the price paid by the retailer that purchases the games. The entity distributing the pull tabs, punchboards, or tip boards is liable for the tax.



*DOR staff participating in a steps challenge against other state agencies.*

## Utility Services Use Tax

The utility services use tax is an excise tax imposed on the retail consumption of utility services in Indiana. The rate is 1.4% and is imposed if the utility service provider is not subject to the utility receipts tax.

## Utility Receipts Tax

An imposed tax of 1.4% on gross receipts from retail utility sales.



## TAXPAYER BILL OF RIGHTS

### PUBLIC LAW 332-1989

All Indiana taxpayers have certain rights and responsibilities under Indiana tax law. The Taxpayer Bill of Rights sets forth these rights and responsibilities for Indiana taxpayers:

- I. Quality taxpayer service
- II. Taxpayer advocate to help taxpayers in the preservation of their rights
- III. Taxpayer education and information
- IV. A fair collection process
- V. Appointed hearing time and representation
- VI. Demand notices
- VII. Warrants for collection of tax
- VIII. Judgment liens against property
- IX. Annual public hearing
- X. Taxpayer responsibilities

The complete Taxpayer Bill of Rights may be found at [www.in.gov/dor/3660.htm](http://www.in.gov/dor/3660.htm).



## LEGISLATIVE CHANGES

The following is a summary of 2017 legislation that impacts the Department of Revenue.

For a full and complete listing of enacted 2017 legislation impacting the Department of Revenue please consult the 2017 Legislative Synopsis.

### LEGISLATIVE AGENCIES AND STUDY COMMITTEES (IC 2-5)

**HEA 1470: (SECTION 1)** Provides standards for the access the legislative services agency has to information held by a state or local governmental entity and for memoranda of understanding between the legislative services agency and governmental entities.

### STATE OFFICES AND ADMINISTRATION (IC 4-3)

**SEA 413: (SECTION 2)** Imposes a duty on most state agencies under certain circumstances to give a person an opportunity to correct an alleged violation of a state rule or state statute that is discovered in an inspection.

**HEA 1002: (SECTION 1)** Creates a new chapter establishing the Special Transportation Flexibility Fund, wherein Gasoline Use Tax amounts collected under IC 6-2.5-10-1 are deposited.

**HEA 1470: (SECTION 5)** Provides for information sharing requirements and duties between state agencies and the Management Performance Hub with the Office of Management and Budget.

**HEA 1520: (SECTIONS 1-4)** Removes references to the state inheritance tax (repealed in 2013).

### WAGERING TAXES (IC 4-33)

#### HEA 1350:

- Riverboat Admissions Tax & Supplemental Wagering Tax Provisions
  - **(SECTION 25)** Removes the riverboat admissions tax and imposes a supplemental wagering tax beginning July 1, 2018. However for a gaming operation that has relocated from a docked riverboat to an inland casino riverboat by December 31, 2017, as described in IC 4-33-6-24, a supplemental wagering tax is: (1) imposed and authorized under this article at a rate of 3% of adjusted gross receipts; and (2) imposed starting the day operations begin at an inland casino until June 30, 2018.
  - **(SECTION 26)** Repeals IC 4-33-12-2, which excluded from the admissions tax a riverboat that has implemented flexible scheduling under IC 4-33-6-21.
  - **(SECTION 28)** Eliminates the requirement for a licensed owner of a riverboat or an operating agent to pay the admissions taxes collected each day for the preceding day's admissions, and replaces it with a requirement to instead report to the department the admissions and supplemental wagering taxes collected for the preceding day's admissions. Requires a licensed owner to pay the admissions and supplemental wagering taxes collected to the department one day before the last business day of each month for the admissions and supplemental wagering taxes collected that month.



- **(SECTION 29)** Changes the formula by which riverboat admissions and supplemental wagering taxes are distributed under IC 4-33-12.
- **(SECTION 30)** Changes the formula by which riverboat admissions and supplemental wagering taxes are distributed under IC 4-33-12 for a riverboat operating in Lake County.
- Miscellaneous Riverboat Provisions
  - **(SECTION 27)** Repeals IC 4-33-12-3, which permitted a licensed owner or operating agent of a riverboat to issue tax-free passes to certain officials and employees of the riverboat and other persons working on the riverboat.
- Riverboat Wagering Tax Provisions
  - **(SECTION 31)** Removes outdated provision
  - **(SECTIONS 32)** Repeals IC 4-33-12-2, which excluded from the wagering tax a riverboat that has implemented flexible scheduling under IC 4-33-6-21.
  - **(SECTION 33)** IC 4-33-13-1 which applied to the calculation and collection of wagering taxes on the AGR for a riverboat that implemented flexible scheduling.
  - **(SECTION 34)** Eliminates the requirement for a licensed owner of a riverboat or an operating agent to pay the wagering taxes collected each day for the preceding day's wagers. Requires a licensed owner to pay the wagering taxes collected to the department one day before the last business day of each month for the wagering taxes collected that month.
  - **(SECTION 35)** Reduces the wagering tax \$48M supplemental distribution in FY 2022 if total AGR



*Commissioner Krupp, COO Grennes and the Communications team visiting the Indiana State Fair.*

received by licensees is less than the AGGR received by licensees in FY 2020. Beginning after December 31, 2017, changes the distribution of the amount transferred to the Indiana Economic Development Corporation from taxes collected from receipts of a riverboat in Orange County. Directs that after June 30, 2020, but before July 1, 2021, the amount of wagering taxes that would otherwise be distributed to South Bend under subsection (e) shall be deposited as being received from all riverboats whose supplemental wagering tax, is over 3.5%. After June 30, 2021, directs the amount of wagering taxes that would otherwise be distributed to South Bend shall be deposited in the state general fund.

## PUBLIC RECORDS AND PUBLIC MEETINGS (IC 5-14)

**HEA 1470: (SECTION 6)** Provides that a government web site may disclose government data only in accordance with IC 4-1-6 (Fair Information Practices; Privacy of Personal Information) and IC 5-14-3 (Access to Public Records).





## INDIANA ECONOMIC DEVELOPMENT CORPORATION (IC 5-28)

**SEA 507: (SECTION 25)** Directs the small business ombudsman to work with state agencies to permit increased enforcement flexibility for first time offenders of state rules and policies, including policies for the compromise of interest and penalties related to a listed tax (as defined in IC 6-8.1-1-1) and other taxes and fees collected or administered by a state agency. Directs the Department of Revenue and the Department of Workforce Development to establish a program to distribute information to small businesses describing the business services provided by coordinators (as defined in IC 4-3-22-16) and work with the office of technology to place information concerning the availability of these services on state internet web sites.

**HEA 1157: (SECTIONS 1 & 3)** Directs the Indiana Economic Development Corporation to develop and advertise a means to allow for small businesses and local units of government to report duplicative state reporting requirements through an Internet web page maintained on the corporation's web site.

## TAXATION OF PUBLIC UTILITY COMPANIES (IC 6-1.1-8)

**HEA 1450: (SECTION 9)** Provides that the public utility company penalty under IC 6-1.1-8-20(a) is payable to the Department of Revenue. Requires the Department of Local Government Finance to notify the attorney general and the Department of Revenue if a public utility company fails to file a statement on or before the due date.

## SALES AND USE TAX (IC 6-2.5)

**SEA 90: (SECTION 1)** Allows Department of Revenue to revoke a business entity's retail merchant certificate of business is found in violation of bill's provisions. (The bill provides that it is unlawful for a business entity that is not a cooperative entity to use the term "cooperative" or "co-op" or to advertise as such.)

### SEA 172:

- **(SECTION 1)** Provides after June 30, 2017 and before July 1, 2019, for a sales transaction that is not exempt from the sales tax and involves a cargo trailer or recreational vehicle (RV) that:
  - **(A)** is purchased by a nonresident;
  - **(B)** the purchaser intends to transport outside Indiana and title or register for use in another state or country; and
  - **(C)** will not be titled or registered for use in Indiana;
 

the state gross retail tax rate on the cargo trailer or RV is the rate of the other state or other country in which the cargo trailer or RV will be titled or registered, as certified by the seller and purchaser in an affidavit.
- **(SECTION 2)** The Department of Revenue, with the approval of the governor and the budget agency after the review of the state budget committee, may enter into an agreement with another state to provide that Indiana residents who purchase a cargo trailer or RVs in the other state and will title or register them in Indiana will be exempt from sales, use, or similar taxes in the other state on the purchase of the cargo trailer or recreational vehicle; and vice versa.



**HEA 1001: (SECTION 172)**

Postpones the effective date of certain provisions of P.L. 181-2016, regarding the taxation of certain lodging transactions involving a facilitator, from July 1, 2017 to July 1, 2018.

**HEA 1002:**

- **(SECTION 2)** Creates an exemption for special fuel (as defined in IC 6-6-2.5-22) from the state gross retail tax.
- **(SECTION 11)** Creates new distribution scheme for gasoline use tax revenue collected by the department for the fiscal year 2020 and each fiscal year thereafter.

**HEA 1129:**

- **(SECTION 2)** Provides that a retail merchant that does not have a physical presence in Indiana shall, as an agent for the state, collect sales tax on a retail transaction made in Indiana, remit the sales tax, and comply with all applicable procedures and requirements of the sales tax laws as if the retail merchant has a physical presence in Indiana, if: (1) the retail merchant's gross revenue from sales into Indiana in a calendar year exceeds \$100,000; or (2) the retail merchant makes sales into Indiana in more than 200 separate transactions.
- **(SECTION 3)** Authorizes the Department of Revenue to bring a declaratory judgment action against such a remote seller to establish that the remote seller has an obligation to collect sales tax and that the remote seller's obligation to collect sales tax is valid under state and federal law. During the pendency of the declaratory judgment action, the Department of Revenue may not enforce the obligation to collect sales tax against any person that does not



*DOR team hosted 2017 Midwestern States Association of Tax Administrators (MSATA) Conference.*

affirmatively consent or otherwise remit the sales tax on a voluntary basis.

- **(SECTION 4)** A retail merchant that remits gross retail tax voluntarily or otherwise under IC 6-2.5-2-1(c) is not liable to a purchaser who claims that the sales tax has been over collected if IC 6-2.5-2-1(c) is later found unlawful.

**HEA 1350: (SECTION 39)** Exempts a transaction involving the sale of a race horse in a claiming race (as defined by IC 4-31-2-3.5) from the state gross retail tax.

**SEA 515:**

- **(SECTION 3)** Clarifies that pesticides targeting non-insect pests - e.g. rodenticides - are covered by the sales exemption for the direct use in the direct production of food, food ingredients, or commodities for sale by a qualified seller.
- **(SECTION 4)** Expands the sales tax exemption for agricultural machinery or equipment to activities of an onsite location if:
  - **(1)** the person acquiring the property acquires it for the direct use in the : (A) the direct application of fertilizers, pesticides, fungicides, seeds, and other tangible personal property; or (B) the direct extraction, harvesting, or processing of agricultural commodities; for consideration; and





- **(2)** is occupationally engaged in providing the services described in subdivision (1) on property that is: (A) owned or rented by another person occupationally engaged in agricultural production; and (B) used for agricultural production.
- **(SECTION 5)** Expands the industrial processing exemption from the sales tax to include transactions involving manufacturing machinery, tools, and equipment, including material handling equipment purchased for the purpose of transporting materials into an industrial process from an onsite location, are exempt from the state gross retail tax if the person acquiring that property: (1) acquires it for the person's direct use in an industrial processing service; and (2) is an industrial processor. However, this exemption does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity.
- **(SECTION 7)** Provides that transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring that property: (1) acquires it for the person's direct consumption as a material to be consumed in an industrial processing service; and (2) is an industrial processor. Provides that transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property: (1) acquires it for the person's direct consumption as a material to be consumed in: (A) the direct application of fertilizers, pesticides, fungicides, seeds, and other tangible personal property; or (B) the direct extraction, harvesting, or processing of agricultural commodities; for consideration; and (2) is occupationally engaged in providing the services described in subdivision (1) on property that is: (A) owned or rented by another

person occupationally engaged in agricultural production; and (B) used for agricultural production.

- **(SECTION 8)** Provides a sales tax exemption for prosthetic devices, including artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, and contact lenses that are acquired by a patient without a prescription or drug order if they are fitted or dispensed by a person licensed or registered for that purpose
- **(SECTION 9)** Adds clarifying language to the existing sales tax exemption for bullion.
- **(SECTION 10)** Provides that a transaction involving a component of a "drainage water management system" is exempt from the state gross retail tax if the person acquiring the component is engaged in the business of agriculture.) Defines drainage water management system as a subsurface system of drainage tubing, drainage tiles, water flowgates, control valves, and related control systems designed to facilitate controlled water drainage from agricultural land used for crop production.

## ADJUSTED GROSS INCOME TAX (IC 6-3)

**SEA 128: (SECTION 30)** Beginning in FY 2018, allows a taxpayer that make a contribution or gift to the regional development authority infrastructure fund (established by IC 36-9-43-9) to claim a deduction equal to the amount of the federal charitable deduction. Allows a pass through entity that makes a contribution or gift to the fund to also receive the deduction.

**SEA 440: (SECTION 1)** Provides taxpayers petitioning for, or the department requiring, the use of an alternative method allocation and apportionment for the taxpayer's income tax purposes bears the burden of proof that an alternative method is reasonable.



**SEA 515:**

- **(SECTION 11)** For individual income tax, provides that an amount (1) included in adjusted gross income in a previous year under a claim of right, (2) repaid in a later year, and (3) for which the repayment is an allowable deduction for federal income tax purposes (as provided under IRC s. 1341(a)(2)), is deductible in determining Indiana adjusted gross income. Provides that the definition of Indiana adjusted gross income includes deductions claimed under IC 6-3-2.
- **(SECTIONS 12 & 13)** For Indiana residents as well as nonresidents and corporations, provides that income tax exemptions and deducted (under IC 6-3-2) are not considered modifications for purposes of the definition of “adjusted gross income” (under IC 6-3-1-3.5) in computing Indiana net operating losses

**HEA 1001:**

- **(SECTION 64)** Increases the Indiana military service income tax deduction from \$5,000 to \$6,250 for retired military members and survivor’s (all other military income is still subject to \$5,000 max deduction.) Removes the 60 year age limit on claiming the military income tax deduction.
- **(SECTION 65)** Increases the acute care hospital tax credit from 10% to 20% of the property taxes paid in Indiana on real property (used to be able to be claimed on both real and personal property taxes paid). Makes the credit refundable.

**HEA 1350: (SECTION 40)** From tax years 2019 through 2025, phases out the income tax addback for wagering taxes claimed on a federal income tax return for wagering taxes. Provides a phased-in reduction of the addback from 2019 to 2025. Addback may no longer be claimed beginning January 1, 2026.

**STATE TAX LIABILITY CREDITS (IC 6-3.1)**

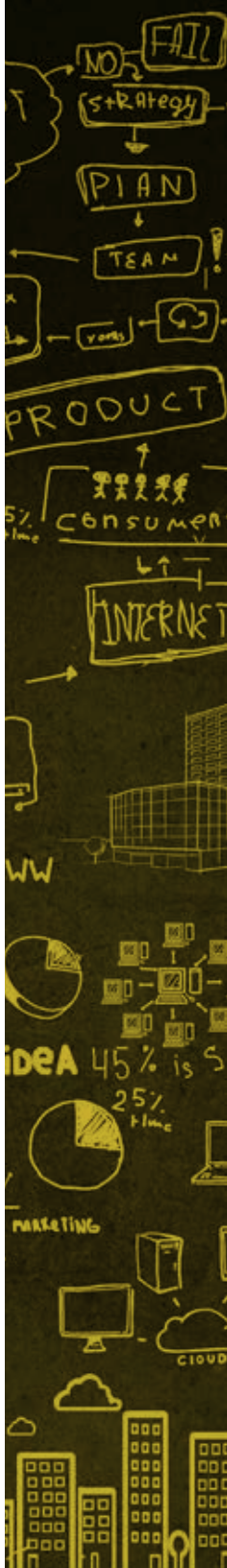
**SEA 507: (SECTIONS 43 & 44)** Allows the Hoosier Business Investment Tax Credit and Venture Capital Investment Credit to be awarded after December 31, 2020.

**SEA 514: (SECTIONS 19-21 & 42-44)** Provides that the enterprise zone loan credit and enterprise zone investment cost credit expire and may no longer be claimed after December 31, 2017.

**HEA 1001: (SECTION 66)** Increases the total amount of tax credits awarded under the school scholarship tax credit from \$9.5M per state fiscal year to \$12.5M in FY 2018 and \$14M in FY 2019 and each year thereafter.

**LOCAL TAXES (IC 6-3.5)****HEA 1002:**

- **(SECTIONS 12-14 & 17-20 & 24-27 & 30-33)** Extends from July 1 to September 1 the deadline by which a county must adopt, rescind, increase, or decrease the county motor vehicle excise surtax and county wheel tax as well as the municipal motor vehicle excise surtax and municipal motor vehicle wheel tax. For county wheel tax, requires adopting entity to provide copy of transportation asset management plan to the Department of Revenue.
- **(SECTIONS 16 & 22)** Changes date by which county auditor must provide estimate of county motor vehicle surtax and wheel tax revenues to be received by the county during the next calendar year from August 1 to October 1.
- **(SECTIONS 28 & 34)** Changes date by which fiscal officer must provide estimate of municipal motor vehicle surtax and wheel tax revenues to be received by the municipality during the next calendar year from August 1 to October 1.





- **(SECTIONS 23& 29)** Allows an eligible municipality with a population of 5,000 (instead of 10,000) to adopt a municipal motor vehicle excise surtax and municipal wheel tax.

#### HEA 1491:

- **(SECTIONS 3-8, 10-12, 14 & 16-17)** Renames the county motor vehicle excise surtax to the county vehicle excise tax, municipal motor vehicle license excise surtax to the municipal vehicle excise tax and motor vehicle license excise tax to the vehicle excise tax.
- **(SECTION 9)** Clarifies the credit for county wheel tax when a vehicle is sold during a registration year equals the wheels tax owed for and paid during the current registration year.
- **(SECTIONS 13 & 18)** Clarifies the Department of Revenue may impose a service charge of fifteen cents for municipal vehicle excise tax and municipal wheel tax.

**HEA 1492: (SECTIONS 4 & 8)** Adds a school bus and a motor vehicle that is funeral equipment and that is used in the operation of funeral services to the list of vehicles exempt from the county wheel tax and the municipal wheel tax.

## LOCAL INCOME TAXES (IC 6-3.6)

#### SEA 515:

- **(SECTION 14-15 & 33)** Beginning with tax years after December 31, 2017, provides that income paid to team members (as defined under IC 6-3-2-2.7) and race team members (as defined by IC 6-3-2-3.2) for services rendered in Indiana is subject to county income tax in the county in which the services are rendered.



*2017 Public Service Recognition Week, Sports Day.*

- **(SECTION 16-17)** Requires the state budget agency to certify the part of the local income tax certified distribution that is attributable to local income taxes paid by non-resident taxpayers to Marion County as part of a sports team under IC 6-3-2-2.7 or a race team member under IC 6-3-2-3.2. Requires these certified distributions to be deposited in the “bid fund” (a dedicated fund) established by the Marion County Capital Improvement Board.

**HEA 1129: (SECTION 8)** Provides that the department of local government finance, in consultation with the department of state revenue may make electronically available uniform notices, ordinances, and resolutions for use by that an adopting body or other governmental entity may use to take an action under IC 6-3.6 (local income tax statute).

#### HEA 1450:

- **(SECTION 24)** Permits Decatur County to impose a special purpose local income tax rate for county jail building and parking facility capital financing. The rate may be between 0.15% and 0.65% (imposed in 0.05% increments), but may not be greater than the rate necessary to pay for the jail and its financing, operation, and maintenance. Provides that the rate



may be imposed only until the date the facilities financed are completed or bonds issued to finance the facilities are fully paid whichever is latest (not to exceed 25 years).



- **(SECTION 25)** Permits Fountain County to impose a special purpose local income tax rate of not more than 0.55% for county jail building and parking facility capital financing. The rate may not be greater than necessary to pay for the jail and its financing, operation and maintenance. Provides that the rate may be imposed only until the date the facilities financed are completed or bonds issued to finance the facilities are fully paid whichever is latest (not to exceed 25 years).

## TAXATION OF FINANCIAL INSTITUTIONS (IC 6-5.5)

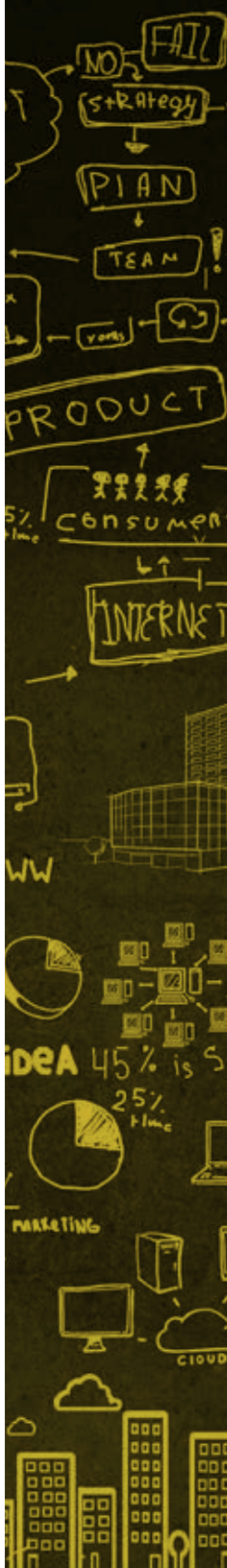
**SEA 515: (SECTION 18)** Establishes that annual returns required by the financial institutions tax be filed with the Department of Revenue on or before the later of the following:

- **(1)** The fifteenth day of the fourth month following the close of the taxpayer's taxable year.
- **(2)** For a taxpayer whose federal tax return is due on or after the date set forth in subdivision (1), as determined without regard to any extensions, weekends, or holidays, the fifteenth day of the month following the due date of the federal tax return.

## MOTOR FUEL AND VEHICLE EXCISE TAXES (IC 6-6)

### HEA 1002:

- **(SECTION 35 & 37)** In FY 2018 indexes the gas tax from 2003 to 2016, using Consumer Price Index for all Urban Consumers and Indiana Personal Income, and increases the gasoline tax from 18 cents per gallon to 28 cents per gallon (or indexed amount whichever is less). For FY 2019 through FY 2024 annually indexes the gas tax using Consumer Price Index for all Urban Consumers and Indiana Personal Income with a cap of one cent increase per year. Requires the Department of Revenue to calculate the gas tax each year using the required factors of Consumer Price Index for all Urban Consumers and Indiana Personal Income.
- **(SECTION 36)** Changes the distribution scheme of the gas tax. The first seventy million dollars collected per state fiscal year are deposited into the state highway road construction and improvement fund (used to pay state highway bond payments). Eliminates all other distributions previously in the statute.
- **(SECTION 39 & 37)** In FY 2018 indexes the special fuel tax from 1989 to 2016, using Consumer Price Index for all Urban Consumers and Indiana Personal Income, and raises the special fuels from 16 cents per gallon to 26 cents per gallon, whichever is lesser. In FY 2019-FY 2024 annually indexes the special fuel tax using Consumer Price Index for all Urban Consumers and Indiana Personal Income with a cap of one cent increase per year. Requires the Department of Revenue to calculate the special fuel tax increase each year using the required factors of Consumer Price Index for all Urban Consumers and Indiana Personal Income.





- **(SECTION 40)** Creates two new exemptions from the special fuel tax: (1) special fuel sold or removed via truck or rail from a terminal or refinery, if the destination is an Indiana terminal or refinery; and (2) special fuel received at an Indiana terminal or refinery, if the tax on the special fuel has previously been paid.
- **(SECTION 44)** Changes the distribution scheme of the special fuel excise tax, so that revenue collected is distributed in the same manner as the gas tax in IC 6-6-1.1-802. Eliminates all other distributions previously described in this statute.
- **(SECTION 46)** Requires the motor carrier fuel surcharge to be paid on special fuel that is not an alternative fuel and the time of purchase (same time special fuel tax is paid).



*DOR employees donating personal school supplies to help support a local business.*

- **(SECTION 47)** Imposes a motor carrier fuel surcharge inventory tax on motor fuel held in storage and offered for sale to motor carriers on the date the surcharge tax rate changes. The tax rate is equal to the difference between the increased surcharge rate minus the prior surcharge rate. The tax is based upon self-reported gallons stored by the motor carrier operations to the state DOR and is due within 30 days of prescribed inventory date.
- **(SECTION 48-53 & 37 & 106)** In FY 2018 indexes the motor carrier surcharge, using Consumer Price Index for all Urban Consumers and Indiana Personal Income, and raises the motor carrier surcharge from 11 cents per gallon to 21 cents per gallon, whichever is lesser. In FY 2019-FY 2024 annually indexes the motor carrier surcharge using Consumer Price Index for all Urban Consumers and Indiana Personal Income with a cap of one cent increase per year. Requires the Department of Revenue to calculate the motor carrier surcharge increase each year using the required factors of Consumer Price Index for all Urban Consumers and Indiana Personal Income. Creates requirement that the surcharge tax be collected and remitted in the same manner as special fuel tax, meaning at the rack by suppliers. Carriers would then reconcile paid and unpaid amounts on their quarterly returns.
- **(SECTION 56 & 57)** Increases the aviation fuel excise tax rate from ten cents to twenty cents, with the increased rate being distributed to the airport development grant fund.
- **(SECTION 58 & 105)** Increases the annual fees for alternative fuel decals.



**HEA 1491:**

- **(SECTION 22-27 & 31 & 69)** Clarifies which vehicles are subject to the vehicle excise tax. Clarifies that the tax is due when registration fees are paid each year.
- **(SECTION 24 & 28-30)** Creates new excise tax amounts for trailers registered with a declared gross weight of nine thousand pounds or less, motor driven cycles, mini-trucks, military vehicles, and vehicles that were originally manufactured before January 1, 1981.
- **(SECTION 32)** Removes definition of “passenger motor vehicle” and “truck.” Replaces the term “truck” with “light truck,” and “vehicles” with “passenger motor vehicle.”
- **(SECTION 33)** Removes language regarding due date of the vehicle excise tax. Clarifies that a vehicle that is “otherwise disposed of” in a registration year may be subject to a credit. The credit has been changed to one-twelfth (1/12th) of each full or partial calendar month that has elapsed in the registrant’s annual registration year before the date sale instead of eight and thirty-three hundredths percent (8.33%). Clarifies that the calculation is not just the date of sale or destruction, but date the vehicle was otherwise disposed.
- **(SECTION 34)** Specifies that the refund amount of vehicle excise tax must be at least four dollars (\$4) in order to claim a refund. Changes reference of eight and thirty-three hundredths percent (8.33%) to one-twelfth (1/12th) regarding the prorated amount of refund one may claim. Adds a three dollar (\$3) fee to cover costs of the refund, which shall be deposited in the commission fund by the bureau.
- **(SECTION 36)** Repeals statute providing requirement that registration forms have space for an applicant’s social security or federal tax identification number and other information.

- **(SECTION 38)** Repeals statute providing that a registration without payment of the vehicle excise tax is void, and all evidence of registration shall be taken from the owner until they pay ten dollars (\$10).
- **(SECTION 66 & 68)** Exempts certain vehicles from the commercial motor vehicle excise tax, such as those used for official business by the state, a municipal corporation, and so on, or held in the inventory by a dealer. Language was moved from IC 6-6-5.5-2.
- **(SECTION 67)** Provides that the definitions of IC 9-18.1 apply unless noted elsewhere in this section. Moves and makes alterations to certain definitions within the statute. Eliminates other definitions defined elsewhere in IC 9-18.1.

**HEA 1492: (SECTION 9-10, 12-13 & 54-55)**

makes technical corrections to statutes amended by HEA 1087-2016.

**MISCELLANEOUS TAXES (IC 6-8)****SEA 515:**

- **(SECTION 20-21):** For the purposes of eligible events & entities exempt from taxation under IC 6-8-12, adds the National Basketball Association and an event comprising NBA All-Star Weekend conducted by an eligible entity.
- **(SECTION 22)** Clarifies that salaries and wages paid to employees of the National Basketball Association and its affiliates that are ordinarily subject to taxation under: (1) IC 6-3-1 through IC 6-3-7; and (2) IC 6-3.6; are subject to income taxation regardless of whether the salaries and wages are paid in connection with an eligible event.

**HEA 1520: (SECTIONS 53)** Removes references to the state inheritance tax (repealed in 2013).





## TAX ADMINISTRATION (IC 6-8.1)

### SEA 440:

- **(SECTION 2)** Provides that the Department of Revenue shall adopt rules, guidelines, or other instructions that set forth the procedures that employees are required to follow in sending a document that provides notice to a taxpayer by mail. The procedures must include at least the following instructions: (1) The date contained in the document must not precede the date of the mailing. (2) Each mailing of a document must be recorded including date and time of the mailing.
- **(SECTION 3)** Provides that in the case of a notice to a taxpayer documents mailed or delivered to the taxpayer must contain: (1) the date by which the taxpayer must act or respond; and (2) a statement of the consequences of the taxpayer's failure to do so; in a clear and conspicuous manner within the body of the document.
- **(SECTION 4)** Requires the Department of Revenue to study its record retention for correspondence received during its audit/investigation and administrative hearing processes. Further requires the department to submit electronically a report relating to the department's record retention practices. The report must detail a plan for record retention as well as estimates of the timing and cost of implementation of the plan. Requires the interim study committee on fiscal policy to hold at least one public hearing at which the department presents the results of the report.

**SEA 443: (SECTION 2)** Makes technical changes to statutory cites related to corporate dissolution or withdrawal from Indiana.

### SEA 515:

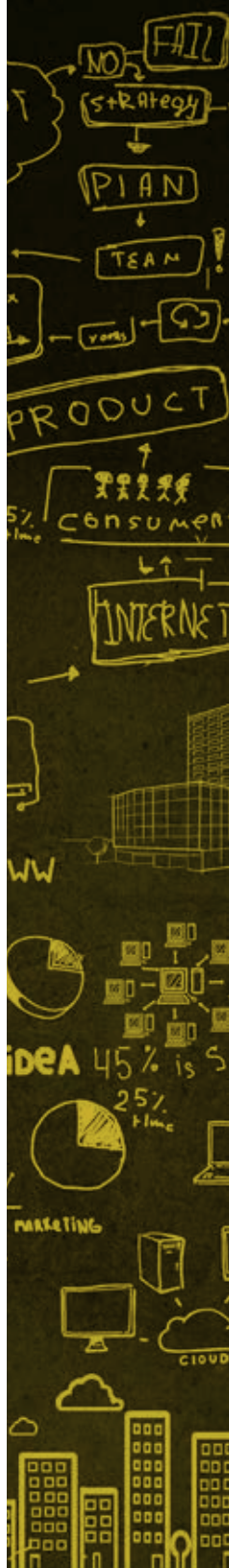
- **(SECTION 23 & 24)** Provides that the Department of Revenue has the authority to collect for the state or claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts, charges, fees, loans, taxes, or other indebtedness due to a unit of local government that has an interlocal agreement with a clearinghouse that is established under IC 6-8.1-9.5-3.5 and has a formal agreement with the department for central debt collection. And, Expands the definition of "claimant agency" for purposes of the refund set off to include a unit of local government that has an interlocal agreement with a clearinghouse.
- **(SECTION 25)** Prescribes the application and time requirements for claimant agencies to file to obtain a set off from the department. The department shall prescribe the form of and the contents of the application.
- **(SECTION 26)** Provides that the department may enter into a contract with a nonprofit entity organized in Indiana that represents units of local government exclusively in Indiana to establish a clearinghouse for purposes related to the offset of tax refunds on behalf of local governments. Provides that the clearinghouse must register with the department and other requirements related to interlocal agreements pertaining to the clearinghouse.



*Commissioner Krupp awarding the first group of DOR Prize winners.*



- **(SECTION 27)** Provides that a unit of local government may not submit a debt for a set off of a tax refund under IC 6-8.1-9.5-3(a)(2) unless the unit of local government first complies with certain requirements including notifying the debtor that the local unit intends to submit the debt for the tax refund set off. Establishes rights for a debtor to protest a proposed tax refund offset and procedures for the protest. Provides that a unit of government that fails to comply with the requirements of this section is liable to the debtor for any tax refund set off and applied to the taxpayer's debt to the local unit of government.
- **(SECTION 28)** Provides that if a claimant agency receives written notice that a debtor intends to contest its claim to a debt and set off, the claimant agency shall hold a hearing (SECTION 29) Provides that the department may charge a debtor a fee of 15% of any debts collected under this chapter as a collection fee for the department's services, not including any local collection assistance fees. Provides that in the event of a debt collected for a local unit of government, a local collection assistance fee not to exceed \$20 shall be imposed on each debt submitted by the local unit of government and collected through a set off under this chapter. The board of the nonprofit organization that operates the clearinghouse registered under IC 6-8.1-9.5-3.5 shall determine the amount of the fee by resolution. The local collection assistance fee shall be added to the amount due the claimant agency when the collection is made, not including any fee charged by the Department of Revenue. A fee collected under this subsection shall be distributed by the department to the nonprofit entity with which the department has entered into a contract.
- **(SECTION 30)** Establishes that priority in multiple claims to refunds allowed to be set off under IC 6-8.1-9.5 be in the following order:
  - **(1)** Department of state revenue.
  - **(2)** Child support bureau.
  - **(3)** Department of workforce development.
  - **(4)** Family and social services administration for claims concerning the Temporary Assistance for Needy Families program (TANF).
  - **(5)** Family and social services administration for claims concerning the federal Supplemental Nutrition Assistance program (SNAP).
  - **(6)** Family and social services administration for claims concerning the Child Care and Development Fund (CCDF).
  - **(7)** Approved postsecondary educational institutions (as defined in IC 21-7-13-6).
  - **(8)** Office of judicial administration for claims concerning the judicial technology and automation project fund.
  - **(9)** A claimant agency described in section 1(1)(A) of this chapter:
    - **(A)** that is not listed in subdivisions (1) through (8); and
    - **(B)** that enters into a formal agreement with the department under IC 6-8.1-9-14(d) after December 31, 2017.
  - The priority of multiple claims of claimant agencies in this subsection must be in the order in time that a claimant agency entered into a formal agreement with the department.
  - **(10)** United States Internal Revenue Service.







- **(SECTION 29)** Creates new statute that requires an e-liquid retailer, distributor, and manufacturer that mixes, bottles, or sells e-liquid to obtain a distributor's license from the department for other tobacco product taxes only if they do not have a valid e-liquid manufacturing permit issued by the Alcohol Tobacco Commission under IC 7.1-7-4.

**HEA 1496: (SECTION 11)** For the purposes of restaurant carryout sales, provides that after May 4, 2017 a retailer may not sell alcoholic beverages for carryout unless at least 60% of the retailers gross retail income from the sale of alcoholic beverages is derived from the sale of alcohol for consumption on the license premises. The Alcohol and Tobacco Commission can require that a financial statement submitted by an applicant be audited by a CPA, and verify the information with the cooperation of the Department of Revenue. The Commission may also disclose information with the Department of Revenue submitted by an applicant to verify the accuracy of the gross retail income from sales of alcoholic beverages. The department may also provide the Alcohol Tobacco Commission with confidential taxpayer information, notwithstanding the requirements of IC 6-8.1-7-1, which the Commission may disclose in any administrative or judicial proceeding to revoke a permit.

## UTILITIES AND TRANSPORTATION – GENERAL (IC 8)

**HEA 1129: (SECTION 27-30)** Adds Hendricks County as an “eligible county” for purposes of local income tax referenda related to public transportation funding. Authorizes the fiscal body of the Guilford Township in Hendricks County to pass a resolution to place on the ballot a local public question on whether the township fiscal body should be required to fund and



*DOR Muncie District Office Team.*

carry out a public transportation project in the township. Sets forth that the limitations for townships in other eligible counties do not apply to Hendricks County.

**HEA 1520: (SECTIONS 54-59)** Removes references to the state inheritance tax (repealed in 2013).

## MOTOR CARRIER REGULATION (IC 8-2.1)

**HEA 1002: (SECTION 60)** Creates a new chapter allowing the Indiana Department of Transportation to create a “weigh-in-motion pilot program.” INDOT may enter into any agreements necessary to carry out the chapter, which may include the Department of Revenue for purposes of administering the Oversize/Overweight Permitting Program.

**HEA 1181: (SECTION 38)** Technical change.

**HEA 1492: (SECTION 16)** Notes that reference to IC 9-18 is valid until its expiration, and adds reference to IC 9-18.1 to note it will be valid after December 31, 2016.

## MOTOR VEHICLES – GENERAL PROVISIONS (IC 9-13)

**HEA 1447:**

- **(SECTION 1)** Specifies that “lumber” does not fall under the definition of a “farm product.”









*Commissioner Krupp with Indiana Auditor Tera Klutz.*

- **(SECTION 89)** Creates a new chapter creating a “transportation infrastructure improvement fee,” which is \$15 and is to be paid on an annual basis by the owner of a motor vehicle registered in Indiana; however, it does not apply to trailers or semitrailers, or trucks, tractors used with a semitrailer, or for-hire buses, with a declared gross weight greater than 26,000 pounds. This fee must be paid upon registration and when renewing the vehicle.

#### **HEA 1491:**

- **(SECTION 109)** Provides that a person desiring to register a vehicle must include their municipality in addition to their county and township on their application.
- **(SECTION 110 & 124)** Technical changes.
- **(SECTION 124)** Rephrases the statute providing for a \$15 penalty for persons failing to register or renew (or providing full payment for registration or renewal) of a vehicle.
- **(SECTION 113, 177, 125-130)** Changes the distribution scheme for fees collected for registration of not-for-hire buses, registration of recovery vehicles, transferring vehicle registration to another vehicle, replacing a license plate that was lost or stolen, amending a registration, applying for a different license plate, temporary vehicle registration permits, and temporary delivery permits.

**HEA 1492: (SECTION 14-15)** makes technical corrections to statutes amended by HEA 1087-2016.

## SIZE AND WEIGHT REGULATION (IC 9-20)

**HEA 1002: (SECTION 90)** Changes the tax assessment procedures for the oversize/overweight vehicle permit civil penalty so that it will be assessed by the Department of Revenue in accordance with the procedures found in IC 6-8.1-5-1. Eliminates the \$500 civil penalty for special weight permits. Changes the protest procedures of the civil penalties so that the assessment comes first, and then a taxpayer may protest, instead of requiring a hearing be held first before an assessment can be made. Adds a section stating that the notice of assessment of a civil penalty is presumptively valid.

#### **HEA 1422:**

- **(SECTION 2)** Specifies that the chapter regarding special and emergency permits does not apply to an overweight permit for transportation of raw milk under section 7 of the chapter.
- **(SECTION 3)** Changes the maximum vehicle weight per axle and maximum gross vehicle weight for authorized emergency vehicles.
- **(SECTION 4)** Specifies that a local authority may not adopt or enforce an ordinance that requires an operator of a commercial motor vehicle to obtain a permit from the local authority to operate the commercial motor vehicle within the jurisdiction of the local authority, except as authorized by this chapter or otherwise expressly authorized by statute.
- **(SECTION 5)** Changes the maximum length that a load may extend beyond the bumper and beyond the rear of the vehicle to 4 feet (from 3 feet) and 6 feet (from 4 feet), respectively, on a combination of vehicles especially constructed to transport other vehicles or boats.







*Members of the  
DOR Motor  
Carrier Team.*

**SEA 515: (SECTION 32)** Excludes local income taxes that are paid by local taxpayers under IC 6-3.6-2-13(3) from the definition of “covered taxes” for a professional sports development area under IC 36-7-31.

**HEA 1144: (SECTION 10)** Creates a rail transit development corridor consisting of the area within five-tenths of a mile of the Chicago to South Bend line and Hammond to Dyer line that are part of Northern Indiana Commuter or South Bend railway. The Hammond to Dyer line will include the West Lake corridor project once the preferred alignment has been determined. Requires the northwest Indiana regional development authority to submit a map of the corridor to the department. Authorizes the creation of transit development district and requires that the district terminate at the earlier of the end of the year in which all financing obligations entered into under IC 36-7.5-4.5 for a project within a district are satisfied or June 30, 2047. Requires the Department of State Revenue to annually certify the amount of incremental tax revenues from a district (state income tax, state sales tax, and local income tax), including the extent to which the incremental state income and sales taxes from all districts exceed the sum of the amounts previously appropriated by the General Assembly to the Development Authority for rail projects (including any amounts appropriated for debt service payments made by the Indiana Finance Authority for a rail project). Provides that the incremental local income tax revenues and incremental local property tax revenues from a district are to be distributed to the northwest Indiana regional development authority in the case of a member county and to the Redevelopment Commission where the district is located in the case of a cash participant county. Requires incremental revenue to be deposited into a new fund named the South Shore Improvement and Development Fund. Requires a separate account in the fund for each district. Specifies



that the incremental local income tax revenues and incremental local property tax revenues from a district must be used to provide funding, including financing, for development projects only within that district. Requires that employers and retailers operating in a district to report annually information that the department determines necessary to calculate incremental revenues.

## MISCELLANEOUS AND NON-CODE PROVISIONS

**SEA 172: (SECTION 4)** Directs the Department of Revenue to attempt to enter into a reciprocity agreement with the appropriate officers of each state that does not allow an exemption from sales, use, or similar taxes on cargo trailers or recreational vehicles that are purchased in that state by Indiana residents and will be titled or registered in Indiana. Requires the Department of Revenue to report to the interim study committee on fiscal policy before November 1, 2017, concerning:

- (A) the efforts of the department of state revenue to enter into reciprocity agreements.
- (B) the reciprocity agreements that have been entered into by the department of state revenue; and
- (C) if applicable, the reasons why the department of state revenue has been unable to enter into a reciprocity agreement with one (1) or more states.





**SEA 440: (SECTION 4)** Requires the Department of Revenue to study and submit a report electronically regarding its record retention for correspondence received during its audit/investigation and administrative hearing processes. The report must detail a plan for record retention as well as estimates of the timing and cost of implementation of the plan. Requires the interim study committee on fiscal policy to hold at least one public hearing at which the department presents the results of the report.

**SEA 515: (SECTION 34)** Requires the legislative services agency to conduct a study concerning the correlation between employment growth and the statutory tax relief realized by C corporations during the period 2011 through 2016. Not later than October 1, 2017, the legislative services agency shall submit an electronic report of the study to the legislative council, the interim study committee on fiscal policy, and the chairperson and ranking minority member of the house committee on ways and means and the senate committee on tax and fiscal policy.

**HEA 1002: (SECTION 105-106)** Clarifies effective dates for alternative fuel decals and the rate change for the motor carrier surcharge.

**HEA 1350: (SECTION 42)** Urges the legislative council to assign to a study committee, during the 2017 legislative interim, the topics of gaming revenue and how gaming revenue is distributed across Indiana. Also, the economic impact of gaming to the state and local governmental units, and the competition with casinos in other states and tribal casinos and the effect that this competition has had on the gaming industry in Indiana.

**HEA 1369: (SECTION 1)** Requires that each state agency or other entity of the administrative branch shall not later than November 1 of each year compile a list of all state laws administered by the state agency that the state agency considers to be in need of substantive amendment or repeal because the laws are no longer necessary or used.

**HEA 1470: (SECTION 10)** The general assembly urges the legislative council to assign to an appropriate study committee for study during the 2017 topics concerning, among other things, establishing in the department of state revenue an enterprise fraud program office to implement a fraud, waste, abuse, and improper payments detection and prevention capability across state agencies and programs. (Note: The study committee was not assigned by Legislative Council.)

**HEA 1520: (SECTION 1-52 & 61-88)** Removes references to the state inheritance tax (repealed in 2013).



## TAX HELP

### Stay connected to the Indiana Department of Revenue 24/7

- Access forms, information bulletins, tax publications, email, INfreefile (the online tax filing program) and more at [www.in.gov/dor](http://www.in.gov/dor).
- Subscribe to DOR's Tax Talk Blog at [www.in.gov/dor/3877.htm](http://www.in.gov/dor/3877.htm).
- Sign up for automatic email updates on DOR's website at [www.in.gov/dor](http://www.in.gov/dor).
- Follow us on *Facebook* and *Twitter*.



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### TELEPHONE NUMBERS

<b>Practitioner Hotline</b>	800-462-6320 (enter 4367)	<a href="http://www.in.gov/dor/3863.htm">www.in.gov/dor/3863.htm</a>
<b>Individual Income Tax Questions</b>	317-232-2240	<a href="http://www.in.gov/dor/4703.htm">www.in.gov/dor/4703.htm</a>
<b>Business Tax Questions</b>	317-233-4015	<a href="http://www.in.gov/dor/3335.htm">www.in.gov/dor/3335.htm</a>
<b>Corporate Income Tax INTax Hotline</b>	317-232-2337	<a href="http://www.in.gov/dor/3335.htm">www.in.gov/dor/3335.htm</a>
<b>e-File Questions</b>	317-232-0059	<a href="http://www.in.gov/dor/4331.htm">www.in.gov/dor/4331.htm</a>
<b>Streamlined Sales Tax</b>	317-233-4015	<a href="http://www.in.gov/dor/3341.htm">www.in.gov/dor/3341.htm</a>
<b>Automated Refund Information Line</b>	317-233-4018	<a href="http://www.in.gov/dor/4339.htm">www.in.gov/dor/4339.htm</a>
<b>Collection/Liability Inquiries</b>	317-232-2165	<a href="http://www.in.gov/dor/3959.htm">www.in.gov/dor/3959.htm</a>
<b>Motor Carrier Services</b>	317-615-7200	<a href="http://www.in.gov/dor/4106.htm">www.in.gov/dor/4106.htm</a>
<b>Tax Forms Order Line</b>	317-615-2581	<a href="http://www.in.gov/dor/3489.htm">www.in.gov/dor/3489.htm</a>
<b>Withholding Tax</b>	317-233-4016	<a href="http://www.in.gov/dor/3988.htm">www.in.gov/dor/3988.htm</a>
<b>Corporate Tax ePay</b>	317-232-0129	<a href="http://www.in.gov/dor/epay/3727.htm">www.in.gov/dor/epay/3727.htm</a>

### TELEPHONE NUMBERS BY TAX TYPE

For a list of phone numbers by tax type, visit DOR's website at [www.in.gov/dor/3473.htm](http://www.in.gov/dor/3473.htm).

### DEPARTMENT P.O. BOXES

For a list of DOR's P.O. boxes, visit [www.in.gov/dor/3484.htm](http://www.in.gov/dor/3484.htm).







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