

# EXCISE TAX ACCOUNTING

QUADRANT MEETINGS, FALL 2019  
STATE BOARD OF ACCOUNTS

## Foundation to Good Excise Tax Accounting

- ▶ Solid excise accounting is accomplished by leaving no gaps
- ▶ Gaps occur when not all excise tax transactions are accounted for
- ▶ On the treasurer's side post all deposits, receipts, disbursements and adjustments of excise tax to the cash book.
- ▶ On the auditor's side post all receipts, disbursements and adjustments of excise tax to the excise tax ledger.
- ▶ Monthly treasurer and auditor excise tax balances should be reconciled. Must be reconciled at settlement
- ▶ The key is maintaining good communications between the auditor and the treasurer.

## BMV

- ▶ Creates Daily and places on FTP Site:
  - ▶ Vehicle Registration Text File
  - ▶ **Vehicle Registration Report - Auditor Copy**
  - ▶ Vehicle Registration Report - Assessor Copy
  - ▶ **Deposit Report**

## BMV Reports on FTP Site

- ▶ The BMV reports on the FTP site can and should be copied to the county's network or county's computer.
  - ▶ **DO NOT MOVE THEM TO THE COUNTY'S NETWORK OR COUNTY COMPUTER AS THIS REMOVES THEM FROM THE FTP SITE**
    - ▶ Both the Auditor's office and the Treasurer's office need access to these report.

## BMV Reports

- ▶ The filename structure of the BMV text files and reports is as follows:
  - ▶ First two numbers = County Number
  - ▶ Third number indicates the type of report
    - ▶ 0 indicates Vehicle Registration Text file
    - ▶ 1 indicates Vehicle Registration Report - Auditor
    - ▶ 2 indicates Vehicle Registration Report - Assessor
    - ▶ 3 indicates **BMV Deposit Report - Treasurer**
  - ▶ Fourth through seventh number = Year
  - ▶ Eighth and ninth numbers = Month
  - ▶ Tenth and eleventh numbers = Day
  - ▶ Twelfth and thirteenth numbers = MV
  - ▶ Last four numbers = Report number

## *Vehicle Registration Text File*

- ▶ **Vehicle registration and excise tax information in a computer readable format**
- ▶ **Text files enable county auditors to use software or computer spreadsheets to determine taxing district allocations of motor vehicle excise tax and lottery credit**

### ***Vehicle Registration Report - Auditor Copy***

- ▶ **Vehicle registration and motor vehicle excise tax information by taxing district in a report format**
  
- ▶ **Motor vehicle excise tax is reported by registration and taxing district total**
  
- ▶ **Lottery credit is reported by taxing district total**

7

### **BMV Deposit Report**

- ▶ **A single page report with the amounts deposited for the day to the county BMV bank account for:**
  - ▶ **Excise Tax - Treasurer's receipt**
  - ▶ **Wheel Tax - quietus**
  - ▶ **Surtax - quietus**
  - ▶ **Total - deposit to BMV bank account**
  
- ▶ **This report must be used as the basis for the treasurer's excise tax receipt and cash book posting**

## BMV Deposit Report

- ▶ The BMV Deposit report must be the source for the:
  - ▶ Treasurer's excise tax receipt
  - ▶ The excise tax posted to the other sources section of the cash book
  - ▶ The deposit posted to the BMV bank account of the Cash in Depositories Section of the cash book
  - ▶ If applicable, the county auditor's excise surtax and wheel tax quietus

## Excise Tax Receipt - Treasurer

- ▶ The treasurer accesses the BMV FTP Site to retrieve a copy of the BMV Deposit Report
- ▶ From the BMV Deposit Report the treasurer's excise tax receipt is prepared
- ▶ The receipt date is the date the receipt is prepared
- ▶ The receipt amount is the excise tax shown on the BMV Deposit Report
  - ▶ The receipt should show:
    - ▶ The transaction through date shown on the BMV Deposit Report (or range of dates)
    - ▶ The BMV Deposit Report number (last four digits) (or range if more than one report)
- ▶ Give a copy of the receipt to the county auditor for the county auditor to use to verify the excise deposits to the BMV vehicle registration reports

## ***Excise Surtax & Wheel Tax Quietus***

- ▶ If the county has excise surtax and wheel, then at the same time the treasurer excise tax receipt is prepared the auditor prepares a quietus for the excise surtax and wheel tax
- ▶ The quietus has the same date as the treasurer's receipt and quietus the excise surtax and wheel tax either into separate excise surtax and wheel tax funds, or into one combined fund
- ▶ The quietus amount is the excise surtax and wheel tax shown on the BMV Deposit Report

11

## **Cash Book Postings**

- ▶ The Treasurer's Cash Book posting is the date of the treasurer's receipt
- ▶ The excise tax receipt is posted to the Excise line of the Other Sources Section of the Cash Book
- ▶ The excise surtax and wheel tax is posted to the Funds Section of the Cash Book
- ▶ In the Cash in Depositories Section post the BMV Deposit Report total as a deposit to the BMV bank account.
- ▶ Perform a monthly reconciliation between the BMV bank statement and the BMV bank account balance from the Treasurer's Cash Book.
- ▶ If discrepancies between the bank statement and the cash book postings are found contact BMV. Tamytha Cooper (317) 232-6438 or [tcooper@bmv.in.gov](mailto:tcooper@bmv.in.gov)

## ***County Auditor's Excise Tax Ledger***

- ▶ The structure or organization of the ledger should be;
  - ▶ A separate ledger or subsidiary ledger for each taxing district
  - ▶ A control or summary ledger containing the sum of all of the separate taxing district ledgers

13

## ***County Auditor's Excise Tax Ledger***

- ▶ The structure or organization of the ledger should be;
  - ▶ A separate ledger or subsidiary ledger for each taxing district
  - ▶ A control or summary ledger containing the sum of all of the separate taxing district ledgers

14

## County Auditor's Excise Tax Ledger

- ▶ Within each taxing district ledger the postings should be segregated by month and there should be monthly totals and a cumulative or running total
- ▶ Following is posting guidance for each type of excise tax
- ▶ The posting month will vary by excise type
  - ▶ Motor vehicle excise and lottery credit
    - ▶ The posting date is the transaction date
    - ▶ The BMV report date and deposit date is 14 days after the transaction date
      - ▶ For example, April 14 report date and deposit date is for March 31 excise tax and lottery credit transactions
      - ▶ The treasurer's receipt date, deposit date and posting date is April 14
      - ▶ The auditor's excise tax ledger posting date is March 31 and is March excise
      - ▶ If at April 30 the treasurer and auditor are reconciling to the auditor's March 31 excise tax, then the difference will be the excise tax deposited and posted by the treasurer for April 15 through April 30

15

## Auditor and Treasurer Reconciliation

- ▶ Use the AOS reconciliation worksheet to determine the difference between the excise the auditor is including in settlement and the excise the treasurer certified on the 49TC
- ▶ The auditor should be including in the settlement the excise tax posted to the excise tax ledger as of the cutoff date.
- ▶ The treasurer should be certifying on the 49TC the excise posted to the cash book as of the date the 49TC is completed.
  - ▶ **THOSE AMOUNTS WILL BE DIFFERENT AND HAVE TO BE RECONCILED**



## ***Auditor & Treasurer Reconciliation***

- ▶ Use AOS reconciliation worksheet to determine the difference between the excise the auditor is including in the settlement and the excise the treasurer certified on the 49TC
- ▶ The auditor should be including in the settlement the excise tax posted to the excise tax ledger as of the cutoff date
- ▶ The treasurer should be certifying on the 49TC the excise posted to the cash book as of the date the 49TC is completed

17

## **Auditor and Treasurer Reconciliation**

- ▶ The reconciliation is a matter of the auditor knowing what is in the excise tax to be included in settlement and the treasurer knowing what is in the amount to be certified.
- ▶ The difference between the auditor and treasurer amount is a matter of what is included in one amount that is not included in the other amount
- ▶ As long as the difference can be reconciled and is one of the items on the reconciliation worksheet and all items of difference are identified, settlement can proceed.

## ***Excise Tax Distribution***

- ▶ The excise tax included in settlement for each taxing district is deducted from the taxing district ledger in the county auditor's excise tax ledger
  
- ▶ The total amount deducted is quietus to the Settlement Fund
  
- ▶ The county treasurer will post the quietus as a transfer by quietus to the excise tax account or accounts in the Other Sources Section of Cash Book
  
- ▶ And will also post the quietus to the Funds Ledger Section of the Cash Book