



BIZTAX

DECEMBER 2014

**Key
Legislative
Changes**

**Coming Soon:
e-Filing for
IT-20S**

**FAB and CIT
Available
Online**



A Publication for Indiana Businesses

If you are having trouble reading the text in the newsletter and wish it was a little bigger, there is a way to do that. View it in full-screen mode by clicking the Enable Full Screen button. You'll find it in the menu of buttons along the bottom of your screen—it's the very first button from the left and looks like a square with a little arrow pointing out from each corner.

You also can download the entire issue or just selected pages as PDF documents. Just click the Download button—the fifth button from the left that looks like a downward-pointing arrow with a line underneath it. This opens the issue as a PDF, which you can then save or print.

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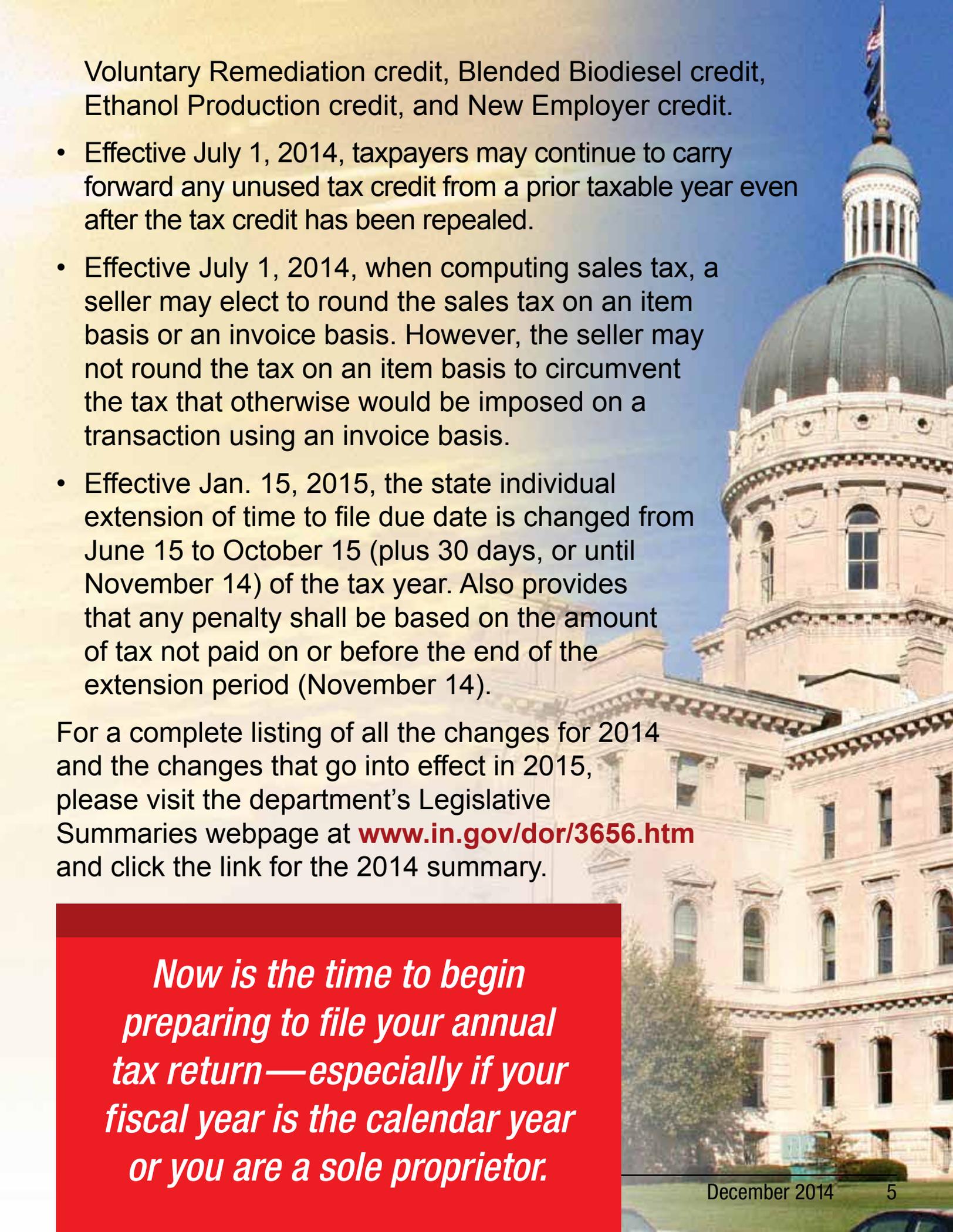
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Key Legislative Changes

There are only a few weeks left in 2014, and everyone is looking forward to the coming holidays. But now is also the time to begin preparing to file your annual tax return—especially if your fiscal year is the calendar year or you are a sole proprietor.

As you gather the necessary files and data, be sure to read the following highlights of some of the key changes to Indiana's tax laws that may affect your return:

- Effective Jan. 1, 2014, pass-through entities are eligible to claim the Industrial Recovery Tax Credit.
- Effective Jan. 1, 2014, owners of vehicles propelled by alternative fuel must obtain an annual alternative fuel decal for the vehicle.
- Effective Jan. 1, 2014, owners of vehicles propelled by alternative fuel and that are registered outside of Indiana but operate on a public highway in Indiana must obtain a temporary trip permit.
- Two tax credits have been repealed, effective July 1, 2014: the Venture Capital Investment credit and Energy Star credits.
- Several tax credits have been repealed, effective Jan. 1, 2015: the Indiana Riverboat Building credit,

The background of the slide is a photograph of the Indiana State Capitol building, featuring a prominent green dome and classical architectural details. An American flag is visible on a tall pole to the right of the dome.

Voluntary Remediation credit, Blended Biodiesel credit, Ethanol Production credit, and New Employer credit.

- Effective July 1, 2014, taxpayers may continue to carry forward any unused tax credit from a prior taxable year even after the tax credit has been repealed.
- Effective July 1, 2014, when computing sales tax, a seller may elect to round the sales tax on an item basis or an invoice basis. However, the seller may not round the tax on an item basis to circumvent the tax that otherwise would be imposed on a transaction using an invoice basis.
- Effective Jan. 15, 2015, the state individual extension of time to file due date is changed from June 15 to October 15 (plus 30 days, or until November 14) of the tax year. Also provides that any penalty shall be based on the amount of tax not paid on or before the end of the extension period (November 14).

For a complete listing of all the changes for 2014 and the changes that go into effect in 2015, please visit the department's Legislative Summaries webpage at www.in.gov/dor/3656.htm and click the link for the 2014 summary.

Now is the time to begin preparing to file your annual tax return—especially if your fiscal year is the calendar year or you are a sole proprietor.



Tax Filing Tips

Though it's easy to get caught up in your business taxes, don't forget that the individual tax filing season begins in January. And for sole proprietors, they are one and the same. Here are a few tips to help you have a smooth tax season. It's good information for your employees, too, so pass these along.

- Your employees may qualify to file their taxes for free! INfreefile continues to offer Hoosier taxpayers a fast, friendly, and FREE way to file their taxes. Learn about who qualifies at www.freefile.dor.in.gov.



- Be sure you use a valid and complete taxpayer ID (TID) number. Federal ID (FID) numbers will not be accepted, nor will entering “applied for” in the TID field.

- If you do file electronically, don't submit a paper return, too. This duplication will just slow down the processing of your return and your refund.
- If you file electronically and owe money, you can still pay by paper check.

If you use tax preparation software, make sure it is up-to-date to ensure you are using the most current county tax rates and tax forms.

Simply submit your check along with a Post Filing Coupon (PFC). *(Don't send just the check—this will delay the processing of your return.)*

- To ensure your tax payment is timely, use ePay, the department's online payment portal available at www.in.gov/dor/4340.htm.



- Only use forms that were provided by the department or preparation software that has been certified and approved by the department. Also, always make sure the tax preparation software you're using is up-to-date. Otherwise, it won't have the most current county tax rates or the current versions of the tax forms.

For answers to your individual tax filing questions, check out the department's website at www.in.gov/dor/4703.htm.

Keeping the Right Records

“Do I need to keep this record? For how long?”

For many businesses, trying to keep the right records for the right amount of time can be difficult and confusing, making the thought of an audit daunting.

Records retention plays a key role in preparing accurate tax returns, and it’s up to business owners and/or their tax professionals to retain all the necessary records.

But, by retaining proper records, an audit can be quick, simple, and even helpful.

To maintain proper records, it’s imperative not only to retain sales and cash register



tapes, but also translate daily transactions into monthly financial reports in addition to saving monthly tax records by reporting period. In general, the following documentation must be maintained to verify the correct amount of tax was remitted to the department:

By retaining proper records, an audit can be quick, simple, and even helpful.

- Federal income tax returns and related schedules
- Trial balances and general ledgers
- Sales records (invoices or receipts)
- Proof of exempt sales (exemption certificates)
- Invoices supporting all purchases
- Payroll records
- Copies of employees' W-2s
- Total merchandise sales listed with UPC codes if used for determining taxability
- Sales tax returns (Form ST-103 or ST-103MP)
- Point of sale from the scanner/register
- Name of cash register system and software
- Cash register tapes issued daily or monthly, including "Z" tapes
- Monthly summaries used to report the amounts on the sales tax returns and other returns
- Reconciliation of total sales reported for sales tax purposes and gross receipts used to determine federal taxable or adjusted gross income
- Cash payout source documentation



- Inventory purchase invoices
- Depreciation schedules (list of asset acquisitions)
- Capital (asset) and general expense purchase invoices
- Exemption certificates (Form ST-105)
- Store hours and days open per year
- Detailed monthly reports of taxable and nontaxable sales
- Total amount of prepared foods sold
- Total amount of lottery sales
- Total amount of electronic benefit transfer (EBT) sales as shown in bank statements
- Total amount of money order charges
- Check registers or accounts payable records

In general, the magic number for records retention is three. These listed documents should be kept three years in addition to the current year.

The department has found that without the help of a tax or bookkeeping professional, some small businesses are not able to correctly retain the necessary schedules, summaries or financial records. And while some believe hiring a tax professional is not worth the cost, the consequences of not properly managing records could be even more costly during an audit. Consider getting help if you need it.

During an audit, if a business cannot accurately provide the requested records for the requested time periods, the department must use other techniques to estimate income and tax due. Using a combination of resources, including business

and industry standards, the department will assess a tax due that must be paid unless the business can prove they owe a different amount. Accurate and complete financial records are the critical factor.

Keeping good records makes audits much easier and could save significantly in taxes paid. Businesses with questions about retentions can contact the department at www.in.gov/dor/3325.htm.

In general, the magic number for records retention is three. These listed documents should be kept three years in addition to the current year.

Coming Soon: e-Filing for IT-20S

Indiana businesses, tax practitioners, accountants and CPAs often have suggestions for ways the Indiana Department of Revenue can improve its tax processes or services. Although the department is not always able to meet these requests, it recently responded to a major item that has been on this group's wish list for a few years.



Filing the IT-20S electronically enhances security, simplifies the filing process and allows better filing accuracy.

This year Indiana will offer electronic filing (MeF) for the IT-20S. The department has already issued instructions to vendors and is working with them to provide electronic filing for S corporations' 2014 taxes filed in 2015.

Filing the IT-20S electronically enhances security, simplifies the filing process and allows better filing accuracy. It's also easier and faster for everyone involved. The department has published a list of vendor products that intend to support IT-20S electronic filing. Find the list at

www.in.gov/dor/5239.htm.

If you want to be sure your preferred vendor provides the electronic filing option, please be sure to let them know your interest, or speak to your tax practitioner.

WHAT'S YOUR NEXT SUGGESTION?

We're still listening! If you have other ideas for ways the department can improve its tax processes or services, come to our Annual Public Hearing:

June 18, 2015, at 10 a.m.

*402 W. Washington St.,
Conference Room A
Indianapolis, IN 46204*

Food and Beverage Tax and County Innkeeper's Tax Available Online

For business owners, managing taxes is complicated. Usually a single business is responsible for filing and paying many different taxes, which requires keeping up-to-date on regular filings and payments—usually on a monthly basis.

Take a hotel for example, which could file and pay employee income tax withholding, sales tax, county innkeeper's tax, food and beverage tax, and possibly others.

To help business owners, the Indiana Department of Revenue made food and beverage tax (FAB) and county innkeeper's tax (CIT) available in INtax to file and pay online. This service is available for October taxes reported and paid in November and for all months into the future.

This new service represents the department's



continued effort to provide electronic self-service options for businesses to securely and conveniently file and pay taxes online.



INtax provides a quick, easy and secure mechanism for businesses to manage their tax filings and payments. INtax is available 24/7 and provides businesses the ability to check their accounts and payments without contacting the department. It also saves businesses from having to manage and mail paper coupons and paper checks.

More than 200,000 Indiana businesses already use INtax to manage their business tax requirements.

Taxpayers can pay FAB and CIT by ACH debit and credit card payments in INtax. Although the department will mail coupons in December to FAB and CIT taxpayers who have not filed using INtax, everyone is encouraged to use INtax for these taxes. It's easier and quicker and provides you continuous access to your tax records.

These tax types have been automatically added to INtax accounts that are registered for FAB or CIT. Service providers must add FAB and CIT to client accounts using the "Maintain Client" tab in INtax.

Visit www.in.gov/dor/3469.htm to view CIT rates and www.in.gov/dor/4039.htm for FAB rates.

Anyone with questions about filing or paying FAB and CIT through INtax can contact the INtax hotline at (317) 233-8729.

Food and beverage tax (FAB) and county innkeeper's tax (CIT) are now available in INtax to file and pay online.



In each issue, we highlight some of the key dates for each month. You can find a complete list of tax due dates online at www.in.gov/dor/3344.htm.

NOTE: If the due date shown falls on a weekend or federal or state holiday, the payment is due on the next business day.

December 20

- Financial Institution Tax Quarterly Payment (FT-QP) due.
- Corporate Adjusted Gross Income Tax Quarterly Payment (IT-6) due.
- Monthly Trust Tax Returns for November Earlier Filers due.

- Charity Gaming Card Excise Tax Return (GCE-103) due.

December 25

- Special Fuel Transporter Return (SF-401) due.

December 30

- Monthly Trust Tax Returns for November Monthly Filers due.

December 31

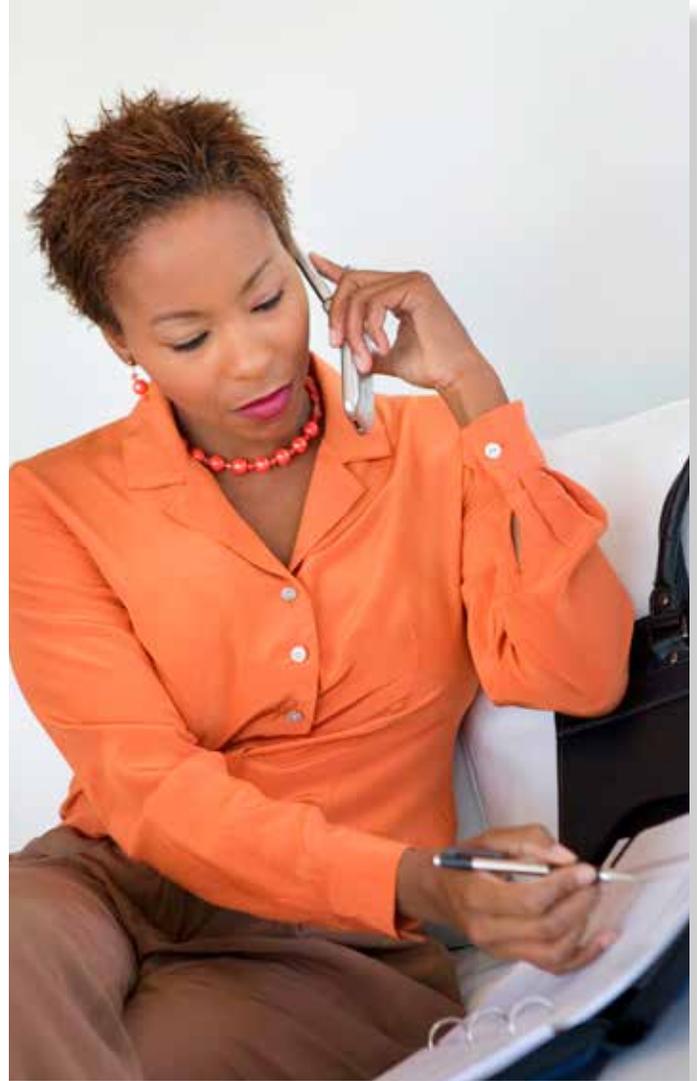
- Recap of Prepaid Sales Tax by Distributors (GT-103DR) due.
- OSW Special Weight Registration Renewal due.
- OSW Annual Toll Road Gate Permits can be requested online.
- Aircraft Dealer Registration/Renewal (Form 10763) due.

January 10

- Gasoline use tax for the 16th through the end of the preceding month due by electronic funds transfer (Form GT-103).
- Last day for tipped employees to report tips of \$20 or more received during previous month to employer.
- Due date for all suppliers that ship spirituous liquor, wine, or malt beverages into the state to file a report for the previous month.

January 15

- Last day to file monthly cigarette and OTP tax reports.



January 20

- Due date for WH-1 returns and payments for previous month to be filed electronically if the average monthly tax liability is \$1,000 or greater.
- Due date for sales/use tax returns (ST-103 and ST-103MP) and payments for previous month to be filed electronically if the average monthly tax liability is \$1,000 or greater.



Contact Us

It is important for businesses to know the various ways in which they can contact the department if they are in need of help or want to receive critical updates from the department.

When you have a specific question that our website does not answer, you are encouraged to email us by visiting www.in.gov/dor/3392.htm. If you have an immediate concern, however, you can contact the department at (317) 233-4015.

In addition, the department offers several other ways for you to learn about important tax updates at your convenience:

- Become a **Facebook** fan by **clicking here**.
- Follow us on **Twitter** at **www.twitter.com/INDeptofRevenue**.
- Subscribe to our **TaxTalk Blog** at **www.in.gov/dor/3877.htm**.
- Sign up for **automatic email updates** on the department's website at **www.in.gov/dor**.
- Subscribe to our **New and Small Business Education Center** at **www.smallbiz.in.gov**.





December 2014

BizTax is a publication produced by the Indiana Department of Revenue twice a year to update taxpayers about the laws and changes that affect Indiana businesses.

