

BIZTAX

March 2014

ID
Protection
Program

Hotel
Matrix

Important
Tax Dates



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 FullScreen 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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Protect Your Employees' Identities

Did you know more Americans' identities were stolen in tax refund crimes in the first six months of 2013 than in all of 2012? In 2013, 13.1 million consumers were victims of identity theft, according to the Javelin Strategy and Research 2014 Identity Fraud Report.

To help protect Hoosier taxpayers from potential identity theft, the Indiana Department of Revenue launched a new identity protection program for the 2014 tax season. This program includes information about how Hoosiers can protect their identities as well as increased security features for those who file tax returns.

Education Outreach

Whether you're a sole proprietor or a company with employees, take steps to keep your personal and business information safe and protect your identity from being stolen by visiting the department's Stop ID Theft website at www.in.gov/dor/4794.htm. You can also help protect your employees by sharing the site, which provides tips about protecting sensitive documents, signs you may be a victim, and additional resources.



Find more tips for protecting your and your employees' identities by following the department on [Facebook](#) and [Twitter](#) during tax season.

Increased Security

The department also has implemented increased security features to ensure Indiana tax refunds are issued only to taxpayers with confirmed identities.

The department will use the automated identity verification services of LexisNexis to help confirm the identities of all Hoosier taxpayers due a refund in 2014. It is expected that more than 95 percent of all returns will be verified as a result of this process.

As an additional level of protection, some taxpayers will be selected to confirm their identities. Those selected will receive a letter from the Indiana Department of Revenue with instructions on how to take the Identity Confirmation Quiz.

The quiz can be taken on a secure website hosted by the department or over the phone. It should take no more than **two minutes to complete**. Refunds—including the refunds of taxpayers who took the Identity Confirmation Quiz—should still be received within 10 to 14 days if the taxpayer electronically filed.

If you are selected to take the quiz, know that you are not suspected of identity theft. This effort is designed to further protect taxpayers' identities and tax refunds. We apologize for any inconvenience, but please know that we have taken this step to protect your business, your identity, your potential refund, and the State of Indiana from potential refund fraud.



TOP 3 TIPS TO PROTECT YOUR ID:

- Shred any documents you don't need—don't just throw them away.
- File electronically. You can file your individual taxes for free through [INfreefile](#) and your business trust taxes for free through [INtax](#).
- Watch out for scams. Tax season results in a significant increase of scam emails, phone calls, and texts.

New and Small Business Education Program Continues in 2014

For new and small business owners, tax season can be a confusing time. Understanding taxes is one of the biggest challenges facing small businesses. When these businesses have difficulty with the department, it is often a result of not clearly understanding how to follow regulations regarding filing and paying taxes in Indiana.

The department believes these businesses could thrive with better taxpayer education. To better serve new and small businesses in Indiana, the department has established an outreach effort to educate businesses about taxes.

The outreach effort began in 2013 with three free seminars held in partnership with the Indiana CPA Society. The goal of the seminars was to proactively reach business owners throughout the state, from South Bend to Clarksville, with key business tax information.



In 2014, the department is continuing the effort by working with chambers of commerce and other organizations across the state to hold free seminars about essential business taxes, including sales tax and income tax withholding. Attendees also have the opportunity to network with community business members and have questions answered by a department representative.

Additionally, the department is working to update and revamp the New and Small Business Education Center's [website](#). New resources, including a business tax handbook, will be available in 2014 for Hoosier business owners.

If you or your organization is interested in hosting a seminar, please contact the department at (317) 234-5432.

Hotel Matrix Now Available

After an extensive series of discussions and reviews with tax practitioners and hotel industry representatives, the Indiana Department of Revenue has published a hotel matrix of taxable and non-taxable items on its website.

The hotel matrix comprehensively identifies transactions related to hotels and identifies which specific transactions are subject to sales/use tax and/or innkeeper's tax. There are also notations where additional clarification is needed. The matrix also removes all doubt as to the department's position regarding the taxability of particular hotel transactions. In the end, the hotel matrix offers consistent, clear guidance on hotel transactions.

This hotel matrix provides much-needed information and assistance to hotel operators, tax practitioners, hotel guests, and department auditors.

To view the hotel matrix, read [Information Bulletin #41](#).

A photograph of a building entrance featuring a large, dark green, curved awning. The word "HOTEL" is printed in white, serif, all-caps font across the center of the awning. The underside of the awning is a light cream color with horizontal ribbing and several small, circular recessed lights. Below the awning, a dark, ornate metal door with intricate scrollwork is visible. To the left, a window with a wooden frame is partially seen against a light-colored stone wall. The overall scene is brightly lit, suggesting daytime.

HOTEL

Audit Doesn't Always Equal a Bill

During an audit, the Indiana Department of Revenue's auditors examine financial records for individuals, businesses, and corporations to determine whether the correct tax liability for various taxes due under Indiana statute has been reported and paid to the State of Indiana. A common myth, however, suggests that if a taxpayer is audited they will wind up with a bill at the end of the process. This is not true.

In fact, in the last year 4.4 percent of audits resulted in a refund to the taxpayer, 25.6 percent resulted in determining the taxpayer paid the correct amount of tax due, and 70 percent resulted in a bill.

During the course of the audit, the department's auditors also work with the taxpayer to ensure the taxpayer's registration with the department is correct and the taxpayer is registered for all tax types that pertain to the applicable industry. The auditor will also verify whether the taxpayer's location address and mailing address are correct in the department's system, which will ensure the taxpayer receives all correspondence from the department.



The goal of audits is not only to make sure that the taxpayer has been reporting and paying correctly, but more importantly it is an opportunity for the department to educate taxpayers on Indiana tax laws and regulations that pertain to their particular industry. Often, taxpayers have a variety of questions that the auditors can answer or provide the taxpayer various publications including information bulletins, departmental notices, commissioner's directives, published letter of findings and revenue rulings, and the Indiana Code and Indiana Administrative Code.

The department's goal is that this one-on-one attention will continue to allow taxpayers to be more educated and comfortable with their tax reporting and payments, along with being consistently compliant.

Great Resources!

There are several resources on the Indiana Department of Revenue's website that provide taxpayers with detailed information about what the laws passed mean to business taxpayers. These resources include income and sales tax information bulletines, departamental notices, and commissioner's directives.

To further assist businesses, the department has highlighted three sales tax information bulletins and a commissioner's directive below.

Income Tax Information Bulletin #109

Income Tax Credit for Natural Gas-Powered Vehicles

This bulletin contains information about the newly available income tax credit for certain vehicles powered by natural gas. The credit is available for those who purchase a qualified vehicle from an Indiana dealer and place it into service in a particular taxable year. The credit is effective for the period of Jan. 1, 2014, through Dec. 31, 2016, and can be applied against the purchaser's state tax liability.

Sales Tax Information Bulletin #41

Sales Tax Application to Furnishing of Accommodations

This bulletin contains information about the applicability of sales and innkeeper's tax to various hotel transactions.



Through use of a comprehensive matrix, the bulletin identifies various hotel transactions and provides guidance as to whether those transactions are subject to sales/use tax and innkeeper's tax.

Sales Tax Information Bulletin #75

Sales Tax Exemption for Research and Development Property

This bulletin provides information about the recently modified sales tax exemption for property used in research and development.

Historically, the exemption was available for “research and development equipment,” which excluded office supplies and consumables, even when directly used in research and development activities. However, in 2013, the exemption was modified to add office supplies and consumables.

Income Tax Information Bulletin #12

Corporate Income Tax Rate

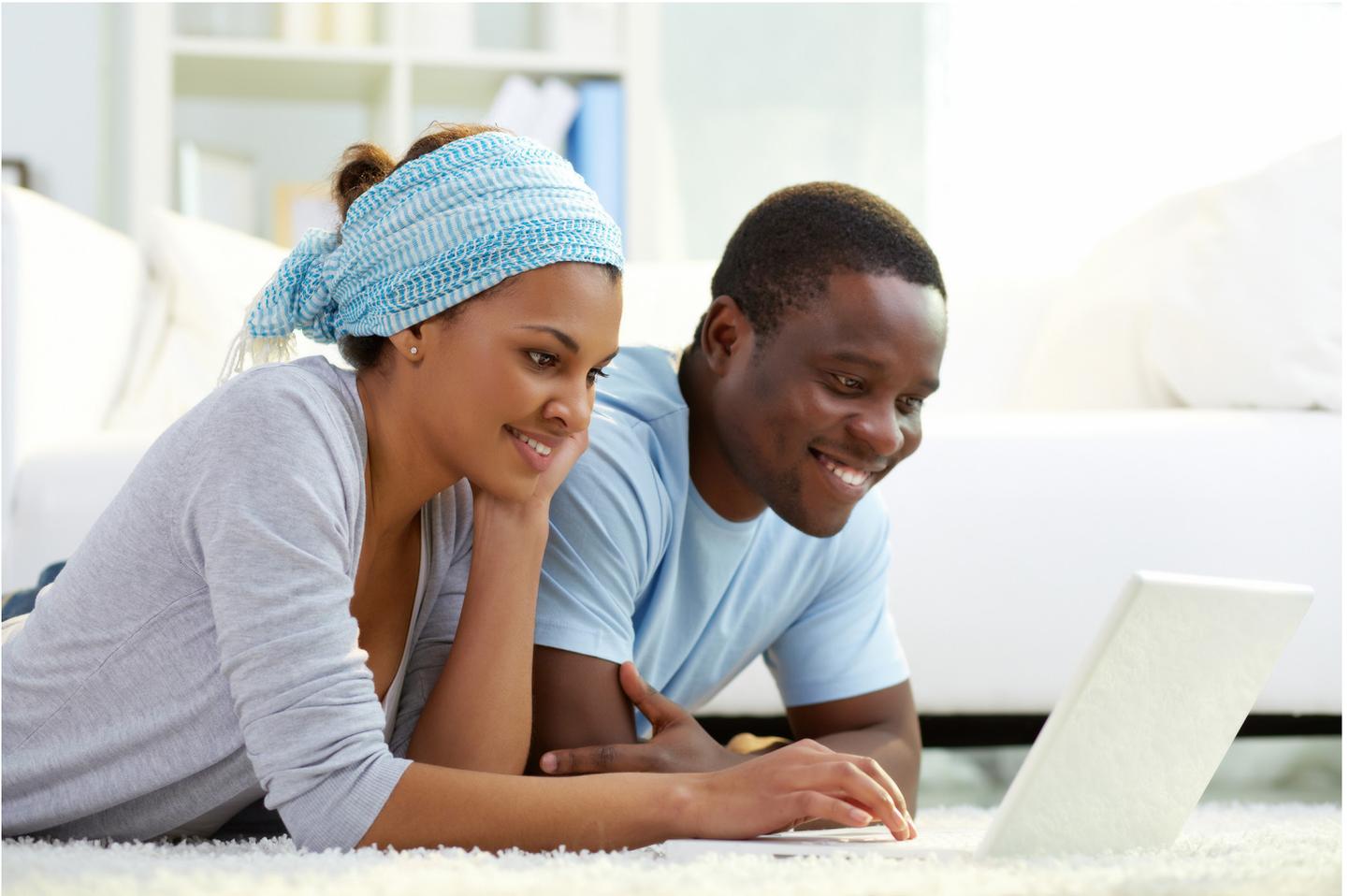
This bulletin provides information about the application of Indiana’s corporate income tax to the various types of corporate structures. Additionally, the bulletin contains information about the recent modification to the rate itself. The rate will continue to decrease by one-half of 1% over the course of four years until it reaches the rate of 6.5% for tax periods beginning after June 30, 2015.

Updated Directives, Notices, and Bulletins

Below is a listing of tax bulletins, directives, and notices that have been added or updated since November 2013.

Income and Sales Tax Information Bulletins

- 27 - Indiana Adjusted Gross Income Tax as Applicable to Military Personnel
- 41 - Sales Tax Application to Furnishing of Accommodations
- 72 - S Corporation/Partnership/Fiduciary Election to File Composite Return On Behalf of Nonresident Shareholders/Partners/Beneficiaries
- 75 - Sales Tax Exemption for Research and Development Equipment
- 109 - Tax Credit for Natural Gas Powered Vehicles
- 110 - Automatic Taxpayer Refund Credit



Commissioner's Directives

43 - Other Tobacco Products Tax

50 - Sales of Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG)

Departmental Notices

1 - How to Compute Withholding for State and County Income Tax

2 - Prepayment of Sales Tax on Gasoline

3 - Interest Rates for Calendar Year 2014

39 - Licensure Requirement for Truck Stop Owners

40 - County Innkeeper's Taxes

Although the information bulletins, departmental notices, and commissioner's directives are not legally binding, they do offer quite a bit of information about these complex taxes.

You can even subscribe to each of the webpages with the documents so that when an update occurs, you will automatically get an email alerting you to the update. To subscribe and look over the current tax bulletins, directives, and notices, visit www.in.gov/dor/3330.htm.

ALL businesses in Indiana must file and pay their sales and withholding taxes electronically.



The easiest way businesses can electronically file and pay these taxes is through Indiana's free online program INtax.

www.intax.in.gov

Learn how to register and use INtax by downloading the "INtax QuickStart Guide" at www.in.gov/dor/4336.htm.

Important Dates

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 that if the due date shown falls on a weekend or federal or state holiday, the payment is due on the next business day.

March 1

- Last day for farmers and fishermen to file Indiana Individual Tax Returns (in lieu of making estimated tax payment)
- Hazardous Chemical Inventory Fee (HC-500) due

March 2

- Monthly Trust Tax Returns for January due for monthly filers

March 10

- Prepaid Sales Tax on Gasoline (ST-103P) second filing due
- Solid Waste Management Fee Return (SW-100) due

March 15

- Underpayment of Withholding Taxes (WH-1U) due
- Special Fuel Consolidated Monthly Tax Return (SF-900) first installment payment due
- Type II Gambling Game Excise Tax (TTG-103) due

March 20

- Monthly Trust Tax Returns for February (Earlier Filers) due
- Fireworks Public Safety Fee due
- Terminal Operator's Monthly Return (SF-501) due

March 25

- Prepaid Sales Tax on Gasoline (ST-103P) first filing due

March 30

- Monthly Trust Tax Returns for February (Monthly Filers) due
- Petroleum Severance Tax Return (MF-600) due

April 1

- Proportional Use Credit Certification Application – For New Applicants due

April 10

- Prepaid Sales Tax on Gasoline (ST-103P) second filing due
- Solid Waste Management Fee Return (SW-100) due

April 15

- Corporate Returns due: IT-9, IT-20, IT-20NP, IT-20S, IT-65, FIT-20
- Individual Tax Returns due: IT-40, IT-40EZ, IT-40PNR, IT-40RNR
- Individual Estimated Tax Payments (IT-40ES and ES-40) due
- Indiana Fiduciary Income Tax Return (IT-41) due
- Underground Storage Tank Fee (UST-1) third installment due
- Licensed Cigarette Distributor's Monthly Cigarette Tax Return (CT-5) due

April 20

- Corporate forms due: IT-6, FT-QP, URT-Q
- Monthly Trust Tax Returns for March (Earlier Filers) due
- Quarterly Hazardous Waste Disposal Tax Return (HW-020) due

April 25

- Prepaid Sales Tax on Gasoline (ST-103P) first filing due
- Special Fuel Transporter Return (SF-401) due

April 30

- Monthly Trust Tax Returns for March
- Recap of Prepaid Sales Tax by Distributors (ST-103DR) due
- Quarterly Trust Tax Return for January/February/March (WH-1) due

May 10

- Solid Waste Management Fee Return (SW-100) due
- Prepaid Sales Tax on Gasoline (ST-103P) second filing due

May 15

- Nonprofit Organization's Annual Report for the Calendar Year or Fiscal Year (NP-20) due
- Nonprofit Organization's Unrelated Business Income Tax Return (IT-20NP) for calendar year organization due
- Indiana Fiduciary Income Tax Return due if filing Federal Form 990T (IT-41) due

May 20

- Monthly Trust Tax Returns for April (Earlier Filers) due
- IN Wholesalers' Excise Tax Report with schedules (Form 710) due
- Fireworks Public Safety Fee (FPS-103) due

May 25

- Special Fuel Transporter Return (SF-401) due
- Prepaid Sales Tax on Gasoline (ST-103P) first filing due

May 30

- Monthly Trust Tax Returns for April (Monthly Filers) due
- Petroleum Severance Tax Return (MF-600) due

May 31

- Recap of Prepaid Sales Tax by Distributors (ST-103DR) due

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.



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