

INDIANA DEPARTMENT OF REVENUE

TAX CHAPTER 2011



Quality That Counts

STATE of INDIANA



INDIANAPOLIS, IN 46204-2253

DEPARTMENT OF REVENUE

INDIANA GOVERNMENT CENTER NORTH
100 N. SENATE AVE

October 19, 2011

Tax Professional:

We are pleased to provide the 2011 "Tax Chapter." We certainly hope this product will help you and your clients in preparing 2011 Indiana tax returns.

Let me remind you that we are all trying to do the same two things:

1. Follow the statutes established by the Indiana General Assembly to support Indiana taxpayers.
2. Help Indiana taxpayers successfully and correctly complete their annual tax returns.

Together we work toward these same goals. This Tax Chapter is intended to assist you in your work with Indiana taxpayers. We hope it serves you well and encourage any comments or suggestions for improvement you may have.

Some key points to make about this year's tax filing process:

1. We encourage you to use one or more of the electronic filing systems available for both individual and business clients. These systems save time and money for both your clients and the state.
2. If you work with businesses, keep INtax in mind. You can gain access to INtax to help your clients with trust taxes, both withholding and sales taxes.
3. Remember, too, that electronic filing systems generally provide refunds, when due, much faster than other methods – for individual filers, 7-10 days versus 3-4 weeks for paper returns.
4. There are many changes to the tax codes that are fully outlined in this "Chapter" for you. Please read it thoroughly. We have worked diligently to include everything you need. Also included is a line-by-line listing of each tax code change.
5. Finally, we have included some tips to help you and your clients with selected chronic problem areas.

Again, we hope you find this "Chapter" useful. If you have comments or suggestions, don't hesitate to get those to us. You can email them to Zachary Wade at zwade@dor.in.gov Your input can make this an even better product for next year.

Thank you for the professional work you do for Indiana taxpayers.

Sincerely,

John Eckart
Commissioner

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Indiana Department of Revenue

Electronic filing

I-File Transitions to Free File

For tax year 2011, the Department of Revenue has determined that transitioning to products supported by the Free File Alliance will provide a better service to both Indiana taxpayers and to the state. Thus, I-File, the state established individual electronic tax filing application will be retired in favor of Free File.

There are many advantages to both the state and the Indiana taxpayer:

1. A mature and robust set of systems provided by multiple vendors that allow taxpayers to file both federal and Indiana taxes together through one system.
2. These services are free to selected Indiana taxpayers based on negotiated rules. Details on the vendors and the limits of this free service are at www.in.gov/dor/freefile.
3. Electronic filing of individual tax returns provides taxpayers with faster service, especially when refunds are due. Filing electronically, taxpayers due a refund will realize the refund as quickly as 7-10 days versus 3-4 weeks with a paper return.
4. Since EIC filers will no longer be able to use IT40EZ, Free File supports EIC filing and makes it much quicker and easier than ever.
5. We have much more information available at www.in.gov/dor/freefile.
6. Please encourage your clients to consider Free File or assist them with these filings.

INTax

We continue to move toward requiring all business to use INTax for the filing of all trust taxes. As you know, all newly registered businesses are required to use INTax. Please encourage your business clients to consider INTax. You can use INTax for them if you provide your business clients trust tax services. More on INTax at <http://www.in.gov/dor/3963.htm>.

“Return Processing” Video

To better understand, and to help clients understand, all the effort, resources, and expense that go into processing paper returns, please visit our web site at: www.in.gov/dor/4067.htm.

This video walks you through every step of the paper-filing process and compares it to electronic filing. This video may be helpful for those clients who are hesitant to file electronically.

2011 Update

E-file Update – Electronic Filing Available for Form IT-40PNR and Form IT-40RNR Returns

The Department accepts Form IT-40PNR and Form IT-40RNR electronically through fed/state filing on condition that the software vendor completes a certification process with the DOR. Check with your software vendor to find out if they offer this functionality.

New Add-Backs for 2010 and 2011

The 2011 Indiana General Assembly did not conform to several provisions within the Internal Revenue Code (IRC) that were included in federal AGI as of Jan. 1, 2011 (HEA 1001 – P.L.229-

2011). Therefore, these provisions must be added-back on the Indiana income tax return. (See the complete list of add-backs located within the *2011 Legislative Summary* found later in this chapter.)

These add-backs are effective retroactive to tax years beginning after Dec. 31, 2009. Many taxpayers have filed amended 2010 state tax returns to report the add-backs; several filing under extension netted the add-backs and reported the total as a “current year conformity add-back” when they filed.

For those who have yet to report these add-backs for 2010 and do not wish to file an amended return, Indiana has a new policy on how they may be reported. Specifically, the taxpayer may elect to report the required add-back(s) for 2010 on the taxpayer’s 2011 state tax return.

How to report 2010 add-backs on the 2011 tax return. The chart below lists the new add-backs along with two different 3-digit identification codes. Use the 300 series prior year 3-digit identification code when reporting an add-back for 2010 on the 2011 tax return.

Example 1. Taxpayer included a \$250 educator expense when completing his 2010 federal tax return. He did not add the expense back when filing his 2010 Indiana tax return. Since he did not wish to amend his 2010 Indiana tax return, he elected to add the \$250 educator expense back on his 2011 Indiana return, Schedule 1, and identified it with the 3-digit prior year code #324.

Example 2. Same situation as above, but this taxpayer also claimed an educator expense on her 2011 federal tax return. She will report the 2010 \$250 educator expense on Indiana Schedule 1, and identify it with the 3-digit code #324; she will report the 2011 \$250 educator expense on a separate line, and identify it with the current year 3-digit code #124.

Note. One additional add-back is for certain trade or business deductions based on the employment of unauthorized alien(s) (SEA 590, P.L.171-2011). For taxable years beginning after June 30, 2011, individuals, corporations, life insurance companies, insurance companies, and trusts and estates are required to add back to adjusted gross income any wages, reimbursements, or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien. Since this is effective for tax years beginning after June 30, 2011, there is no corresponding prior year 3-digit code.

3-Digit # Current Year	3-Digit # Prior Year	Add-Back
121	321	Qualified environmental remediation add-back
122	322	IRA charitable distribution add-back
123	323	Tuition and fees add-back
124	324	Educator expense add-back
125	325	Employer-provided educational expense add-back
126	326	Qualified advance mining safety equipment add-back
127	327	Qualified transportation fringe add-back
128	328	Student loan interest add-back*
129	329	Qualified leasehold improvement property add-back
130	330	Motorsports entertainment complex add-back
131	331	Start-up expenditure add-back
132	N/A	Certain trade or business deductions based on employment of unauthorized alien add-back
133	332	RIC dividends to nonresident aliens add-back
134	334	Oil and gas well depletion deduction add-back
135	335	Qualified electric utility amortization add-back
136	336	Related CFC payments add-back

Credits

Advance earned income credit. While the advance of the Indiana EIC is no longer available, that amount should be reported on the tax return if an employer made an EIC advance during the tax year.

Earned Income Credit

- Indiana's earned income credit (EIC) has been decoupled from the federal current-year EIC. The state calculation will be based in part on the federal EIC as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Indiana will provide a publication with worksheets and an EIC table.
- The Schedule IN-EIC must be included whenever this credit is claimed.
- This credit may no longer be claimed on Form IT-40EZ.

Economic development for a growing economy (Edge) credit.

- Incremental withholding for purposes of the EDGE credit does not apply to any employee who is an unauthorized alien.
- EDGE for retention does not apply to any employee who is an unauthorized alien.

Maternity home credit. This credit:

- may not be awarded after Dec. 31, 2011, and
- the credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

Health benefit plan credit. This credit:

- may not be awarded after Dec. 31, 2011, and
- the credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

Industrial recovery site credit. For this credit:

- the minimum age for a facility to be eligible for this credit has been reduced from 20 years to 15 years; and
- for a plant to qualify as a vacant industrial facility during the period from January 1, 2011 through December 31, 2014, the facility must have at least 50,000 square feet of floor space. After December 31, 2014 the facility must have at least 100,000 square feet of floor space. The facility has to be vacant for 1 year instead of 2 years, which was prior law.

Small employer qualified wellness program credit. This credit:

- may not be awarded after Dec. 31, 2011, and
- the credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

Teacher summer employment credit. This credit may not be awarded after Dec. 31, 2011.

Venture capital tax credit. This credit:

- has been extended from Dec. 31, 2012 to Dec. 31, 2014, and
- the total amount of venture capital tax credits allowed for all taxpayers in a year has been increased from \$500,000 to \$1,000,000.

Deductions

Net operating loss deduction. The provision to carry back a net operating loss (NOL) has been eliminated for individuals and corporations. No state NOL carryback claim may be filed after Dec. 31, 2011.

Private school/homeschool deduction. This deduction is available for individuals who have a dependent who is enrolled (K-12) in a private school or is homeschooled. If the taxpayer incurs any costs for tuition, fees, computer software, textbooks, or school supplies, they are eligible for a \$1,000 deduction per qualifying child. If married filing separately, a dependent may be claimed only once by one parent.

Miscellaneous

- New schedule. *Schedule IN-DEP: Additional Dependent Child Information* is required whenever an additional dependent exemption is claimed on *Schedule 3: Exemptions*. Required is the first and last name and Social Security number of each child being claimed.
- The unemployment compensation add-back has been eliminated. This affects the Form IT-40 EZ, Form IT-40 Schedule 1, and Form IT-40 PNR Schedule B.
- Form IT-40 PNR Schedule A, Column B: The educator expense reference has been removed because it is no longer allow to affect IN AGI; the student loan interest deduction has been reduced to old levels; and, the tuition and fees deduction reference has been eliminated.
- If the state reserves at the end of a fiscal year exceed 10% of the general revenue appropriations for the current state fiscal year, 50% of the excess reserves shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic tax refund. To qualify for the refund, a taxpayer must have filed a resident individual income tax return for the last two years, and must have paid tax to the state during the previous taxable year. The amount of the refund is determined on a pro rata basis, based on the taxpayer's portion of the total income tax liability paid by all qualifying taxpayers in the preceding year.
- After Dec. 31, 2011, individuals who are receiving unemployment compensation from the Dept. of Workforce Development can elect to have Indiana state and local taxes withheld.
- A taxpayer has 60 days to pay or protest a proposed assessment. Current law limits the time period to 45 days.

Tips

INtax is for Practitioners, too!

Your client is not required to be registered with INtax before you can add the client, but will be notified that you are managing the account. The client can also register for INtax to view their account information and activity.

Mailing Instructions have Changed

- Returns with 2D barcode will no longer be mailed to a separate address. Where returns will be mailed is now determined by payment status. IND returns with payments will now go to P.O. Box 7224 all other IND returns will be mailed to P.O. Box 40.
- The same goes for WH3s. WH3s should be mailed to P.O. Box 7220 when claiming a refund. All other WH3s should go to P.O. Box 6108.
- Correspondence regarding IND matters should be mailed to P.O. Box 7207.
- Don't forget that you can change the address on an IND account by visiting our website at www.in.gov/dor/3795.htm

ePay

With ePay you can check balances, make payments for an amount due, and even manage your estimated tax installment payments, including viewing your payment history. You can also pay online for one or more liabilities for cases, just don't forget to use the case number found on the bill. You may access ePay by visiting our website at www.in.gov/dor/4340.htm

Income Statements

Income statements (e.g. W-2, WH-18, 1099s) should only be included if they show Indiana state and or local withholding or unemployment compensation. Please don't send W-2s with information on the front and back. Double sided returns slow processing.

Include all Necessary Schedules

Please ensure that all necessary and required schedules are included when submitting paper returns. Any missing schedules will delay processing. This happens quite frequently. However, if you or your client has already e-filed, **do not** submit a paper return. Also, if you are submitting a PFC after e-filing **do not** send in a paper return with the payment. Finally, if you do submit a return by paper and are remitting a payment, please include the check.

When Complete

Don't black out the 1D barcode found at the bottom of some forms. We use that information to quickly and efficiently process those forms. Also, if you are sending in photo copies of returns, please make sure they are readable before you send them. And finally, please make sure that all schedules match the form type being submitted (e.g. Schedule CT-40 PNR with a Form IT-40 PNR). One last tip, please don't three-hole punch, staple, or use any other attachment device. Only a paperclip is acceptable.

Trust Tax Returns

Submit only one check per trust tax return and one return per check. Returns and payments should only show a valid and complete TID. Do not use "applied for" in the TID field. Please don't white out or make any handwritten changes on trust tax returns.

Faxed Returns

The Department will **no longer accept** faxed tax returns of any type.

Certified

Only use returns that were provided by DOR or preparation software that has been certified and approved by the Department. Also, make sure that your software is updated regularly. Older versions do not contain the most current versions of the forms or county tax rates. Using unapproved forms, or old forms, will cause delays in processing and delay refunds.

IND Due Dates for 2012

Date	Form Type/Activity
04/17/2012*	IT-40; IT-40EZ; IT-40PNR; IT-40RNR; IT-40ES/ES-40 (1st qtr); IT-9
06/15/12	IT-40ES/ES-40 (2nd qtr)
06/18/12	state IT-9 extension filing due date (next business day after June 17)
07/02/12	SC-40; IT-40/IT-40PNR filing due date if claiming unified tax credit for the elderly (not including extensions) (next business day after June 30, 2012)
09/17/12	IT-40ES/ES-40 (3rd qtr)
11/19/12	state filing due date if filing under federal extension (Form 4868) (next business day after Nov. 17)
01/15/13	IT-40ES/ES-40 (4th qtr)

***Emancipation Day (observed in Washington D.C.) is Monday, April 16, 2012**

WH-1

Make sure to complete the county tax breakdown on the back of the form. Also, send the entire page (do not cut it off).

Online Payment Plan Tool

Individuals who have received a billing may be able to set up a payment plan online at www.intaxpay.in.gov. To take advantage of this option, they must owe more than \$100, pay 10 percent down, and have the case number found on the billing.

Power of Attorney (Form POA-1)

File one of three ways:

- Fax to 317-625-2605
- E-mail to poa1forms@dor.in.gov
- Mail to:
Indiana Department of Revenue
P.O. Box 7230
Indianapolis, IN 46207-7230

INtax

Reduce the burden of managing business tax obligations with INtax. The Department's online program provides business taxpayers and their preparers with direct access to all business tax accounts, instant access to file and pay Indiana taxes, the option to review account history, and more. For more information or to register, go to www.intax.in.gov. This site includes instructions and a series of tutorials to assist taxpayers and preparers.

Automatic Updates

Because of the importance of receiving vital information in a timely manner, the **State of Indiana** launched GovDelivery's E-mail and Digital Subscription Management service. This tool will make it much easier for tax professionals to get the information they want and need.

Once you have properly registered, the service will send you an e-mail whenever the Department updates the website. When we update the *Tax Talk Blog*, Departmental Notices, or even the *Tax Dispatch*, you will know. You can even select the update options that best serve your needs.

To register:

- Visit the Department's home page: www.in.gov/dor
- Click the link under the left-side navigation bar, and
- Follow the steps for registration.

Sign up to receive
e-mail and wireless
updates from DOR



This valuable tool will help you better serve your client's needs. Accurate and reliable information will be available the moment it hits the Department's Web site.

2011 ENROLLED ACTS

House Bills

HB 1001, SECTION 44, IC 4-10-22; [EFFECTIVE JANUARY 1, 2012] – provides that if the state reserves at the end of a fiscal year exceed 10% of the general revenue appropriations for the current state fiscal year, 50% of the excess reserves shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic tax refund. To qualify for the refund, a taxpayer must have filed a resident individual income tax return for the last two years, and must have paid tax to the state during the previous taxable year. The amount of the refund is determined on a pro rata basis, based on the taxpayer's portion of the total income tax liability paid by all qualifying taxpayers in the preceding year.

SECTION 80, IC 6-2.5-3-9; [EFFECTIVE JULY 1, 2011] – provides that use tax collected from remote sellers with respect to remote sales sourced to Indiana shall be transferred to the pension stabilization fund for the amount of tax collected from remote sales that exceeds \$150,000,000 in the previous fiscal year.

SECTION 81, IC 6-2.5-3-10; [EFFECTIVE JULY 1, 2011] – requires the Department to publish on its website information needed to communicate a person's obligation to remit use tax on purchases made where no sales tax was collected, including purchases using the Internet or a catalog.

SECTION 82, IC 6-2.5-10-1; [EFFECTIVE JULY 1, 2011] – changes the sales tax collection percentage deposited in the state general fund from 99.178% to 99.848%, and decreases the amount deposited in the public mass transportation fund from 0.67% to zero.

SECTION 83, IC 6-3-1-3.5; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – requires add backs to the definition of Indiana adjusted gross income of several provisions that are deductible in the Internal Revenue Code.

For individuals the add backs are:

- Expensing of environmental remediation costs
- Charitable distributions from an individual retirement plan
- Expenses for qualified tuition and related expenses
- Expenses of elementary and secondary school teachers
- Employer provided education expenses
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified transportation fringe benefits that exceeds \$100 per month
- The amount of interest deducted for qualified student loans that exceeds the amount allowed prior to the enactment of P.L. 111-312
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240

- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

For corporations, life insurance companies, and insurance companies, the add backs are:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240

For trusts and estates; the add backs are:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

SECTION 84, IC 6-3-1-11; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – updates the reference to the Internal Revenue Code in the Indiana Code to be the Internal Revenue Code as it exists on January 1, 2011. The following provisions amended by Congress during 2010 are to be treated as though they had not been amended during 2010:

- Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders
- Section 871(k)(1)(c) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies
- Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment
- Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations
- Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells
- Section 451(i)(3) of the Internal Revenue Code pertaining to special rules for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities
- Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporations under foreign personal holding company rules

Note: SECTION 296 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

SECTION 85, IC 6-3-2-22; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – makes a technical change to the income tax deduction for expenses related to sending children to a private school or being home schooled.

SECTION 86, IC 6-3-4-1.5; [EFFECTIVE JULY 1, 2011] – requires a professional preparer that files more than 50 returns in 2012 and more than 10 returns in 2013 to file the returns in an electronic format. Current law requires electronic filing if more than 100 returns are filed.

SECTION 87, IC 6-3.1-21-6; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that the calculation of the earned income tax credit is based on the federal earned income tax credit as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

SECTION 94, IC 6-5.5-1-2; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – requires financial institutions to add back the following items to adjusted gross income:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

SECTION 95, IC 6-7-1-28.1; [EFFECTIVE JULY 1, 2011] – changes the distribution of the cigarette tax so that there are no funds distributed to the state retiree health benefit trust fund, and an additional 5.74% is distributed to the general fund during the period from July 1, 2011 to June 30, 2013.

SECTION 96, IC 6-9-7-7; [EFFECTIVE UPON PASSAGE] – provides that 30% of the innkeepers' tax in Tippecanoe County will be deposited in the state general fund for the period from July 1, 2015 to June 30, 2017.

SECTION 280, NONCODE; [EFFECTIVE UPON PASSAGE] – provides that the Council of State Governments is exempt from the sales tax for any food and beverage prepared, furnished, or served to any person under a contract with the Council of State Governments in connection with the conference to be held in July 2011. A caterer or other contractor is not required to collect taxes if the transaction is exempt.

SECTION 296, NONCODE; [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)] – provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

HB 1003, SECTION 1, IC 6-3-2-22; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – authorizes a \$1,000 income tax deduction per dependent who was enrolled in a private school or home schooled in grades K-12 and incurred costs for tuition, fees, computer software, textbooks, or school supplies.

SECTION 4, IC 6-3.1-30.5-13; [EFFECTIVE JULY 1, 2011] – increases the cap on the total amount of credits that can be claimed in a fiscal year for contributions to scholarship granting organizations from \$2,500,000 to \$5,000,000.

HB 1004, SECTION 2, IC 2-7-5-6; [EFFECTIVE JANUARY 1, 2012] – clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the renewal of a registered lobbyist.

SECTION 8, IC 4-30-11-11; [EFFECTIVE JANUARY 1, 2012] – clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the payment to a person who has winnings from the Hoosier Lottery.

SECTION 9, IC 4-31-6-6; [EFFECTIVE JANUARY 1, 2012] – clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest a license issued by the horse racing commission.

SECTION 10, IC 4-35-8-1; [EFFECTIVE JULY 1, 2011] – provides that, after June 30, 2012, the wagering tax on slot machines at horse tracks will be based on 99% of the adjusted gross receipts.

SECTION 50, IC 6-2.5-5-5.1; [EFFECTIVE JULY 1, 2011] – provides that a refund claim for utilities used in direct consumption by a person engaged in manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture may not cover transactions that occur more than 18 months before the date of the refund claim.

SECTION 51, IC 6-2.5-8-1; [EFFECTIVE JANUARY 1, 2012] – provides that a registered retail merchant's certificate will not be renewed if the retail merchant is delinquent in remitting withholding taxes.

SECTION 52, IC 6-2.5-8-7; [EFFECTIVE JANUARY 1, 2012] – provides that if the application fee or renewal fee for a registered retail merchant's certificate is returned as unpaid by a financial institution, the person has five days to make the payment before the certificate will be revoked.

SECTION 53, IC 6-3-1-3.5; [EFFECTIVE JANUARY 1, 2012] – eliminates outdated individual income tax deductions, and provides that interest earned on state and local obligations other than Indiana issues are subject to the adjusted gross income tax for obligations acquired after December 31, 2011. This provision applies to individuals, corporations, life insurance companies, insurance companies, trusts and estates.

SECTION 54, IC 6-3-2-1; [EFFECTIVE JULY 1, 2011] – reduces the corporate income tax by one-half percent per year beginning July 1, 2012, until July 1, 2015 when the rate will be 6.5%. Provides for the proration of the rate based on the number of months in a taxpayer's taxable year for which the rate is effective. The prorated rate will be rounded to the nearest one-hundredth of one percent.

SECTION 55, IC 6-3-2-2; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that income for corporations and nonresident persons will be considered derived from sources within Indiana to the extent that income from intangible personal property is apportioned to Indiana, allocated to Indiana, or considered to be derived from sources within Indiana.

SECTION 56, IC 6-3-2-2.5; [EFFECTIVE JANUARY 1, 2012] – eliminates the net operating loss carry back after December 31, 2011 for resident persons.

SECTION 57, IC 6-3-2-2.6; [EFFECTIVE JANUARY 1, 2012] – eliminates the net operating loss carry back after December 31, 2011 for corporations and nonresident persons.

SECTION 58, IC 6-3-4-3; [EFFECTIVE JANUARY 1, 2012] – provides that the due date for an acquired corporation will be the same due date as the acquiring corporation if the two entities have different taxable year ending dates.

SECTION 59, IC 6-3-4-6; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – requires a taxpayer to notify the Department of a federal modification of adjusted gross income and file an amended return within 180 days after the modification. Current law requires the notification and amended return to be filed within 120 days.

SECTION 60, IC 6-3-4-8; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – eliminates the provision that allowed for advanced payments of the earned income tax credit through reduced employee withholding.

SECTION 61, IC 6-3.1-2-8; [EFFECTIVE JULY 1, 2011] – provides that the teacher summer employment credit may not be awarded after December 31, 2011.

SECTION 62, IC 6-3.1-14-9; [EFFECTIVE JULY 1, 2011] – provides that the maternity home tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

SECTION 65, IC 6-3.1-21-8; [EFFECTIVE JULY 1, 2011] – eliminates reference to the advanced earned income tax credit in the earned income tax credit language.

SECTION 67, IC 6-3.1-24-8; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that, for calendar years beginning after December 31, 2010, the maximum venture capital tax credits available to a qualified business is \$1,000,000. Prior law limited the tax credit per qualified business to \$500,000.

SECTION 68, IC 6-3.1-24-9; [EFFECTIVE JULY 1, 2011] – extends the venture capital investment tax credit from December 31, 2012 to December 31, 2014.

SECTION 69, IC 6-3.1-31-14; [EFFECTIVE JULY 1, 2011] - provides that the health benefit plan tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

SECTION 71, IC 6-3.1-31.2-11; [EFFECTIVE JULY 1, 2011] - provides that the small employer qualified wellness program tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

SECTION 80, IC 6-5.5-1-2; [EFFECTIVE JANUARY 1, 2012] – requires an add back for investment companies equal to the amount of interest received from investment in state and local obligations of states or political subdivisions other than Indiana for obligations acquired after December 31, 2011.

SECTION 81, IC 6-7-2-2.1; [EFFECTIVE JANUARY 1, 2012] – defines moist snuff as tobacco that is not intended to be smoked or placed in the nasal cavity.

SECTION 82, IC 6-7-2-5; [EFFECTIVE JANUARY 1, 2012] – provides that the definition of other tobacco products includes moist snuff.

SECTION 83, IC 6-7-2-7; [EFFECTIVE JANUARY 1, 2012] – provides that moist snuff shall be taxed at \$.40 per ounce instead of 24% of the wholesale price, which is the method of taxation for other tobacco products.

SECTION 84, IC 6-7-2-12; [EFFECTIVE JANUARY 1, 2012] – provides that other tobacco products distributors shall file a monthly return that includes the wholesale price for tobacco products other than moist snuff and for moist snuff, the weight of the moist snuff.

SECTION 86, IC 6-8.1-5-1; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that a taxpayer has 60 days to pay or protest a proposed assessment. Current law limits the time period to 45 days.

SECTION 87, IC 6-8.1-8-2; [EFFECTIVE UPON PASSAGE] – clarifies that a county clerk is required to expunge a warrant if it is determined that the tax warrant was issued in error. This section also requires the Department to mail the release of the warrant and the order for the warrant to be expunged within seven days of the determination that the warrant was in error.

SECTION 88, IC 6-8.1-8-16; [EFFECTIVE UPON PASSAGE] – adds a new section that provides that no demand notice, warrant, levy, or proceeding in court for the collection of a protested listed tax may be issued, commenced, or conducted against a taxpayer until the later of the expiration of the period in which the taxpayer may appeal the listed tax to the tax court, or a decision of the tax court concerning the protested listed tax becomes final, if the taxpayer filed a timely appeal.

SECTION 89, IC 6-8.1-9-1; [EFFECTIVE UPON PASSAGE] – clarifies that the tax court does not have jurisdiction to hear a refund appeal if: (1) the appeal is filed more than three years after the date the claim for refund was filed with the Department (current law); or (2) the appeal is filed more than 90 days after the later of the decision of denial of the claim or the decision made on the protest of the refund claim denial. This section also provides that a refund claim for sales tax based on predominant use under IC 6-2.5-4-5(c)(3) or the exemption provided under IC 6-2.5-5-5.1 for utilities must be filed with the Department within 18 months after the date of payment.

SECTION 90, IC 6-9-2-1; [EFFECTIVE JULY 1, 2011] – provides that the Lake County Innkeepers' Tax applies if a room is rented for less than 30 days by the same party in the same room. The tax is collected at the local level.

SECTION 102, IC 6-9-10.5-6; [EFFECTIVE JULY 1, 2011] – authorizes White County to increase the innkeepers' tax from 3% to 5%. The tax is collected at the local level.

SECTION 110, IC 6-9-24-9; [EFFECTIVE UPON PASSAGE] – extends the Nashville Food and Beverage Tax from January 1, 2012 until January 1, 2022.

SECTION 112, IC 7.1-3-21-15; [EFFECTIVE JANUARY 1, 2012] – provides that taxpayers that have an alcoholic beverage permit and delinquent tax liabilities will not have their permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

SECTION 113, IC 13-14-1-9; [EFFECTIVE JANUARY 1, 2012] – clarifies that all holders of licenses and permits issued by the Department of Environmental Management will not have their license or permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

SECTION 114, IC 16-21-2-11; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a hospital, ambulatory outpatient surgical center, abortion clinic, or a birthing center if the facility is on the Department’s most recent tax warrant list.

SECTION 116, IC 16-25-3-4; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a hospice center if the center is on the Department’s most recent tax warrant list.

SECTION 117, IC 16-27-1-8; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a home health agency providing home health services if the agency is on the Department’s most recent tax warrant list.

SECTION 118, IC 16-28-2-3; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a health facility if the facility is on the Department’s most recent tax warrant list.

SECTION 119, IC 16-41-35-27; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a radiological technologist if the person is on the Department’s most recent tax warrant list.

SECTION 121, IC 20-28-5-14; [EFFECTIVE JANUARY 1, 2012] – clarifies that a teacher’s license will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

SECTION 131, IC 25-1-6-8; [EFFECTIVE JANUARY 1, 2012] – clarifies that all licenses issued by the professional licensing agency will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

SECTION 132, IC 28-1-29-3; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a debt management company if the company is on the Department’s most recent tax warrant list.

SECTION 133, IC 28-7-5-5; [EFFECTIVE JANUARY 1, 2012] - authorizes the Department to protest the license of a pawnbroker if the pawnbroker is on the Department’s most recent tax warrant list.

SECTION 134, IC 28-8-4-20; [EFFECTIVE JANUARY 1, 2012] - authorizes the Department to protest the license of a money transmission company if the licensee is on the Department’s most recent tax warrant list.

SECTION 135, IC 28-8-5-11; [EFFECTIVE JANUARY 1, 2012] - authorizes the Department to protest the license of a check cashing company if the licensee is on the Department’s most recent tax warrant list.

SECTION 146, IC 36-7-13-15; [EFFECTIVE UPON PASSAGE] – provides that the total annual incremental sales and withholding tax distributions for CRED districts in Delaware County may not exceed \$2,000,000.

SECTION 162, NONCODE; [EFFECTIVE UPON PASSAGE] – repeals IC 6-3.1-19-5.5 that placed certain conditions on Delaware County and qualifications for the CRED tax credit.

SECTION 166, NONCODE; [EFFECTIVE UPON PASSAGE] – requires the Office of Management and Budget, along with the Department and the Family and Social Services Administration to conduct a study of the issues related to the earned income tax credit.

SECTION 167, NONCODE; [EFFECTIVE UPON PASSAGE] – requires, among other things, the Commission on State Tax and Financing Policy to study all aspects, including advantages and

disadvantages, of phasing out the state inheritance tax. Requires a study concerning sales tax holidays and Internet sales and taxation.

SECTION 174, NONCODE; [EFFECTIVE JULY 1, 2011] – provides that the other tobacco products tax on wet snuff of \$.40 per ounce applies to products brought into Indiana for distribution, manufactured in Indiana for distribution, or transported to a retail dealer in Indiana for resale by the retail dealer, by a distributor after December 31, 2011.

HB 1005, SECTION 1, IC 6-3.1-11-1; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that the minimum age for a facility to be eligible for the industrial recovery site tax credit has been reduced from 20 years to 15 years.

SECTION 2, IC 6-3.1-11-15; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides for a plant to qualify as a vacant industrial facility during the period from January 1, 2011 through December 31, 2014, the facility must have at least 50,000 square feet of floor space. After December 31, 2014 the facility must have at least 100,000 square feet of floor space. The facility has to be vacant for 1 year instead of 2 years, which was prior law.

HB 1252, SECTION 1, IC 6-3.5-7-5; [EFFECTIVE UPON PASSAGE] – provides that the maximum CEDIT and COIT rate in Perry County may not exceed 1.75%.

SECTION 4, IC 6-3.5-7-27.5; [EFFECTIVE UPON PASSAGE] – adds a new section to authorize Perry County to impose a CEDIT rate of five-tenths of one percent (0.5%) for use to construct, finance, acquire, improve, renovate, remodel, or equip the county jail and related buildings and parking facilities, including costs of demolition of existing buildings.

HB 1275, SECTION 1, IC 6-3.5-7-12.7; [EFFECTIVE JULY 1, 2011] – allows a city, town, or county to transfer to its general fund money that has been deposited in the CEDIT fund or the rainy day fund.

HB 1450, SECTION 15, IC 22-4-17-2.5; [EFFECTIVE JULY 1, 2011] – provides that after December 31, 2011, an individual receiving unemployment compensation may elect to have state and local adjusted gross income taxes withheld from the individual's payment of unemployment compensation based on withholding instructions issued by the Department.

HB 1539, SECTION 1, IC 6-3.5-6-18; [EFFECTIVE JULY 1, 2011] – provides that Marion County may use COIT revenue to fund the operation of a public library.

Senate Bills

SB 39, NONCODE; [EFFECTIVE UPON PASSAGE] – requires the Commission on State Tax and Financing Policy to study how the tax structure in Indiana influences a senior's decision on residency after retirement.

SB 62, SECTIONS 1 THROUGH 10, IC 6-3.5-1.1-2; IC 6-3.5-1.1-2.3; IC 6-3.5-1.1-3; IC 6-3.5-1.1-3.1; IC 6-3.5-1.1-4; IC 6-3.5-1.1-10; IC 6-3.5-1.1-11; IC 6-3.5-1.1-21; IC 6-3.5-1.1-21.1; IC 6-3.5-1.1-24; [EFFECTIVE UPON PASSAGE] – conform references to ordinance adoption dates in the CAGIT laws to the dates specified in P.L. 113-210.

SECTIONS 11 THROUGH 23, IC 6-3.5-6-2; IC 6-3.5-6-8; IC 6-3.5-6-9; IC 6-3.5-6-10; IC 6-3.5-6-11; IC 6-3.5-6-12; IC 6-3.5-6-12.5; IC 6-3.5-6-13; IC 6-3.5-6-14; IC 6-3.5-6-28; IC 6-3.5-6-29; IC 6-

3.5-6-30; IC 6-3.5-6-33; [EFFECTIVE UPON PASSAGE] - conform references to ordinance adoption dates in the COIT laws to the dates specified in P.L. 113-210.

SECTIONS 24 THROUGH 32, IC 6-3.5-7-5; IC 6-3.5-7-6; IC 6-3.5-7-7; IC 6-3.5-7-12; IC 6-3.5-7-13.1; IC 6-3.5-7-16; IC 6-3.5-7-26; IC 6-3.5-7-27; IC 6-3.5-7-28; [EFFECTIVE UPON PASSAGE] - conform references to ordinance adoption dates in the CEDIT laws to the dates specified in P.L. 113-210.

SB 127, SECTION 14, IC 9-24-6-5.5; [EFFECTIVE JULY 1, 2011] – for periods after December 31, 2011, transfers authority over truck driving schools from the Department to the Bureau of Motor Vehicles.

SB 155, SECTION 1, IC 6-8.1-8-2; [EFFECTIVE JULY 1, 2011] – provides that a lien on real property is void if the person owing the tax provides written notice to the Department to file an action to foreclose on the lien, and the Department fails to file an action to foreclose on the lien within 180 days after receiving the notice. After 180 days, the taxpayer may file an affidavit with the county clerk that the Department has not taken action to foreclose on the lien. Upon receipt of the affidavit, the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

SECTION 2, IC 6-8.1-8-3; [EFFECTIVE JULY 1, 2011] – provides that a county sheriff still has collection authority if the taxpayer has taken an action to have the Department foreclose on the lien and the judgment lien has been released.

SECTION 3, IC 6-8.1-8-8; [EFFECTIVE JULY 1, 2011] – provides that the Department still has authority to levy or garnish for a tax liability where the taxpayer has had a lien released as a result of the Department not foreclosing on the lien.

SB 458, SECTION 1, IC 6-6-4.1-2; [EFFECTIVE JULY 1, 2011] – provides an exemption from the motor carrier fuel use tax for vehicles with room for no more than nine passengers.

SECTION 2, IC 6-6-4.1-10; [EFFECTIVE JANUARY 1, 2012] – provides that all reports required to be filed, and taxes required to be remitted, for the motor carrier fuel use tax and the international fuel tax agreement shall be reported and filed electronically as prescribed by the Department.

SECTION 3, IC 6-6-4.1-17; [EFFECTIVE JANUARY 1, 2012] – provides that if a motor carrier fails to report or remit in an electronic format as required, the Commissioner may suspend or revoke the motor carrier's annual permit.

SECTION 4, IC 8-2.1-22-36; [EFFECTIVE JULY 1, 2011] – authorizes the Department to grant temporary authority or emergency temporary authority to certain persons during the Super Bowl or the NCAA Final Four for a period of not more than 15 consecutive days.

SECTION 5, IC 9-20-18-14.5; [EFFECTIVE JANUARY 1, 2012] – provides that penalties for violations of oversize/overweight statutes are imposed on the person whose United States Department of Transportation number is registered on the vehicle transporting the load. This section also provides that civil penalties for violations of the statute are discretionary. The statute previously required a civil penalty of a specific amount, and the amendment allows the civil penalty to be up to a specific amount.

SECTION 6, IC 9-24-6-0.8; [EFFECTIVE JULY 1, 2011] – adds the term “downgrade” as defined in 49 CFR 383.5 to the terms used concerning commercial driver's license.

SECTION 7, IC 9-24-6-0.9; [EFFECTIVE JULY 1, 2011] – adds the term “medical examiner” as defined in 49 CFR 390.5 to the terms used concerning commercial driver’s license.

SECTION 8, IC 9-24-6-2.3; [EFFECTIVE JULY 1, 2011] – adds a provision to require an applicant for a new commercial driver’s license to provide the bureau of motor vehicles with a copy of a current medical examination report and medical examiner’s certificate prepared by a medical examiner. If a medical examination report does not certify that a commercial driver’s license holder meets the physical standards required, or if the driver is otherwise unqualified, the commercial driver’s license or permit is disqualified.

SECTION 9, IC 9-24-6-20; [EFFECTIVE JULY 1, 2011] – adds a provision to require the Bureau of Motor Vehicles to downgrade the commercial driver’s license of a driver if the driver’s medical certification expires, or the bureau receives notification that the driver’s federally granted medical variance was removed or rescinded. To prevent the driver’s license from being downgraded, the driver must submit a current and qualifying medical examination report or a federally granted medical variance within 60 days after the Bureau of Motor Vehicles has initiated the downgrade. The applicant for a commercial driver’s license is required to certify that they are going to operate either in interstate or intrastate commerce.

SB 459, SECTION 1, IC 6-2.5-4-6; [EFFECTIVE UPON PASSAGE] – makes a technical change in the provision concerning the retail transaction of telecommunications service to coincide with the amendment concerning prepaid calling services made in IC 6-2.5-4-13.

SECTION 2, IC 6-2.5-4-13; [EFFECTIVE UPON PASSAGE] – changes the terminology of a prepaid telephone calling card to a prepaid calling service or prepaid wireless calling service to coincide with the requirements of the Streamlined Sales and Use Tax Agreement.

SECTION 3, IC 6-2.5-5-18; [EFFECTIVE UPON PASSAGE] – provides that the sale and rental of durable medical equipment, mobility enhancing equipment, prosthetic devices, artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses, and other medical supplies and devices are treated in the same fashion and that there is no difference in the exemption whether the equipment is sold or rented.

SECTION 4, IC 6-2.5-11-10; [EFFECTIVE UPON PASSAGE] – provides that sellers, including certified service providers and sellers using a certified automated system, are not liable for sales or use tax collection errors that result from the Department’s certification or taxability matrix.

SB 490, SECTION 134, IC 6-2.5-3-0.3; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended section 1 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

SECTION 135, IC 6-2.5-5-0.4; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended section 36 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

SECTION 137, IC 6-2.5-8-0.3; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended sections 8.5 and 11 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

SECTION 138, IC 6-3-2-0.3; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended section 2.3 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

SB 590, SECTION 4, IC 6-3-1-3.5; [EFFECTIVE JULY 1, 2011] – for taxable years beginning after June 30, 2011 requires individuals, corporations, life insurance companies, insurance companies, and trusts and estates to add back to adjusted gross income any wages, reimbursements, or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

SECTION 5, IC 6-3.1-13-5; [EFFECTIVE JULY 1, 2011] – provides that incremental withholding for purposes of the Economic Development for a Growing Economy Tax Credit (EDGE) does not apply to any employee who is an unauthorized alien.

SECTION 6, IC 6-3.1-13-18; [EFFECTIVE JULY 1, 2011] – provides that EDGE for retention does not apply to any employee who is an unauthorized alien.

SECTION 7, IC 6-5.5-1-2; [EFFECTIVE JULY 1, 2011] – for taxable years beginning after June 30, 2011 requires financial institutions to add back to adjusted gross income any wages, reimbursements, or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

TAXES AFFECTED BY CODE CITATION

Sales and Use Tax (IC 6-2.5)

IC 6-2.5-3-0.3; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended section 1 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

IC 6-2.5-3-9; [EFFECTIVE JULY 1, 2011] – provides that use tax collected from remote sellers with respect to remote sales sourced to Indiana shall be transferred to the pension stabilization fund for the amount of tax collected from remote sales that exceeds \$150,000,000 in the previous fiscal year.

IC 6-2.5-3-10; [EFFECTIVE JULY 1, 2011] – requires the Department to publish on its website information needed to communicate a person's obligation to remit use tax on purchases made where no sales tax was collected, including purchases using the Internet or a catalog.

IC 6-2.5-4-6; [EFFECTIVE UPON PASSAGE] – makes a technical change in the provision concerning the retail transaction of telecommunications service to coincide with the amendment concerning prepaid calling services made in IC 6-2.5-4-13.

IC 6-2.5-4-13; [EFFECTIVE UPON PASSAGE] – changes the terminology of a prepaid telephone calling card to a prepaid calling service or prepaid wireless calling service to coincide with the requirements of the Streamlined Sales and Use Tax Agreement.

IC 6-2.5-5-0.4; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended section 36 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

IC 6-2.5-5-5.1; [EFFECTIVE JULY 1, 2011] – provides that a refund claim for utilities used in direct consumption by a person engaged in manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture may not cover transactions that occur more than 18 months before the date of the refund claim.

IC 6-2.5-5-18; [EFFECTIVE UPON PASSAGE] – provides that the sale and rental of durable medical equipment, mobility enhancing equipment, prosthetic devices, artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses, and other medical supplies and devices are treated in the same fashion and that there is no difference in the exemption whether the equipment is sold or rented.

IC 6-2.5-8-0.3; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended sections 8.5 and 11 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

IC 6-2.5-8-1; [EFFECTIVE JANUARY 1, 2012] – provides that a registered retail merchant's certificate will not be renewed if the retail merchant is delinquent in remitting withholding taxes.

IC 6-2.5-8-7; [EFFECTIVE JANUARY 1, 2012] – provides that if the application fee or renewal fee for a registered retail merchant's certificate is returned as unpaid by a financial institution, the person has five days to make the payment before the certificate will be revoked.

IC 6-2.5-10-1; [EFFECTIVE JULY 1, 2011] – changes the sales tax collection percentage deposited in the state general fund from 99.178% to 99.848%, and decreases the amount deposited in the public mass transportation fund from 0.67% to zero.

IC 6-2.5-11-10; [EFFECTIVE UPON PASSAGE] – provides that sellers, including certified service providers and sellers using a certified automated system, are not liable for sales or use tax collection errors that result from the Department's certification or taxability matrix.

NONCODE; [EFFECTIVE UPON PASSAGE] – provides that the Council of State Governments is exempt from the sales tax for any food and beverage prepared, furnished, or served to any person under a contract with the Council of State Governments in connection with the conference to be held in July 2011. A caterer or other contractor is not required to collect taxes if the transaction is exempt.

Adjusted Gross Income Tax (IC 6-3)

IC 6-3-1-3.5; [EFFECTIVE JANUARY 1, 2012] ([See NONCODE SECTION 296](#)) – eliminates outdated individual income tax deductions, and provides that interest earned on state and local obligations other than Indiana issues are subject to the adjusted gross income tax for obligations acquired after December 31, 2011. This provision applies to individuals, corporations, life insurance companies, insurance companies, trusts and estates.

IC 6-3-1-3.5; [EFFECTIVE JULY 1, 2011] – for taxable years beginning after June 30, 2011 requires individuals, corporations, life insurance companies, insurance companies, and trusts and estates to add back to adjusted gross income any wages, reimbursements, or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

IC 6-3-1-3.5; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – requires add backs to the definition of Indiana adjusted gross income of several provisions that are deductible in the Internal Revenue Code.

For individuals the add backs are:

- Expensing of environmental remediation costs
- Charitable distributions from an individual retirement plan
- Expenses for qualified tuition and related expenses

- Expenses of elementary and secondary school teachers
- Employer provided education expenses
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified transportation fringe benefits that exceeds \$100 per month
- The amount of interest deducted for qualified student loans that exceeds the amount allowed prior to the enactment of P.L. 111-312
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

For corporations, life insurance companies, and insurance companies, the add backs are:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240

For trusts and estates; the add backs are:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-3-1-11; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – updates the reference to the Internal Revenue Code in the Indiana Code to be the Internal Revenue Code as it exists on January 1, 2011. The following provisions amended by Congress during 2010 are to be treated as though they had not been amended during 2010:

- Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders

- Section 871(k)(1)(c) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies
- Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment
- Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations
- Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells
- Section 451(i)(3) of the Internal Revenue Code pertaining to special rules for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities
- Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporations under foreign personal holding company rules

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-3-2-0.3; [EFFECTIVE JULY 1, 2011] – provides that the legislative intent of P.L. 70-1993 as it amended section 2.3 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

IC 6-3-2-1; [EFFECTIVE JULY 1, 2011] – reduces the corporate income tax by one-half percent per year beginning July 1, 2012, until July 1, 2015 when the rate will be 6.5%. Provides for the proration of the rate based on the number of months in a taxpayer's taxable year for which the rate is effective. The prorated rate will be rounded to the nearest one-hundredth of one percent.

IC 6-3-2-2; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that income for corporations and nonresident persons will be considered derived from sources within Indiana to the extent that income from intangible personal property is apportioned to Indiana, allocated to Indiana, or considered to be derived from sources within Indiana.

IC 6-3-2-2.5; [EFFECTIVE JANUARY 1, 2012] – eliminates the net operating loss carry back after December 31, 2011 for resident persons.

IC 6-3-2-2.6; [EFFECTIVE JANUARY 1, 2012] – eliminates the net operating loss carry back after December 31, 2011 for corporations and nonresident persons.

IC 6-3-4-1.5; [EFFECTIVE JULY 1, 2011] – requires a professional preparer that files more than 50 returns in 2012 and more than 10 returns in 2013 to file the returns in an electronic format. Current law requires electronic filing if more than 100 returns are filed.

IC 6-3-4-3; [EFFECTIVE JANUARY 1, 2012] – provides that the due date for an acquired corporation will be the same due date as the acquiring corporation if the two entities have different taxable year ending dates.

IC 6-3-4-6; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – requires a taxpayer to notify the Department of a federal modification of adjusted gross income and file an amended return within 180 days after the modification. Current law requires the notification and amended return to be filed within 120 days.

IC 6-3-4-8; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – eliminates the provision that allowed for advanced payments of the earned income tax credit through reduced employee withholding.

IC 6-3-2-22; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – makes a technical change to the income tax deduction for expenses related to sending children to a private school or being home schooled.

IC 6-3-2-22; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – authorizes a \$1,000 income tax deduction per dependent who was enrolled in a private school or home schooled in grades K-12 and incurred costs for tuition, fees, computer software, textbooks, or school supplies.

Income Tax Credits (IC 6-3.1)

IC 6-3.1-2-8; [EFFECTIVE JULY 1, 2011] – provides that the teacher summer employment credit may not be awarded after December 31, 2011.

IC 6-3.1-11-1; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that the minimum age for a facility to be eligible for the industrial recovery site tax credit has been reduced from 20 years to 15 years.

IC 6-3.1-11-15; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides for a plant to qualify as a vacant industrial facility during the period from January 1, 2011 through December 31, 2014, the facility must have at least 50,000 square feet of floor space. After December 31, 2014 the facility must have at least 100,000 square feet of floor space. The facility has to be vacant for 1 year instead of 2 years, which was prior law.

IC 6-3.1-13-5; [EFFECTIVE JULY 1, 2011] – provides that incremental withholding for purposes of the Economic Development for a Growing Economy Tax Credit (EDGE) does not apply to any employee who is an unauthorized alien.

IC 6-3.1-13-18; [EFFECTIVE JULY 1, 2011] – provides that EDGE for retention does not apply to any employee who is an unauthorized alien.

IC 6-3.1-14-9; [EFFECTIVE JULY 1, 2011] – provides that the maternity home tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

IC 6-3.1-21-6; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that the calculation of the earned income tax credit is based on the federal earned income tax credit as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-3.1-21-8; [EFFECTIVE JULY 1, 2011] – eliminates reference to the advanced earned income tax credit in the earned income tax credit language.

IC 6-3.1-24-8; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that, for calendar years beginning after December 31, 2010, the maximum venture capital tax credits available to a qualified business is \$1,000,000. Prior law limited the tax credit per qualified business to \$500,000.

IC 6-3.1-24-9; [EFFECTIVE JULY 1, 2011] – extends the venture capital investment tax credit from December 31, 2012 to December 31, 2014.

IC 6-3.1-30.5-13; [EFFECTIVE JULY 1, 2011] – increases the cap on the total amount of credits that can be claimed in a fiscal year for contributions to scholarship granting organizations from \$2,500,000 to \$5,000,000.

IC 6-3.1-31-14; [EFFECTIVE JULY 1, 2011] - provides that the health benefit plan tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

IC 6-3.1-31.2-11; [EFFECTIVE JULY 1, 2011] - provides that the small employer qualified wellness program tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013, but may be carried forward during 2014 and 2015.

NONCODE; [EFFECTIVE UPON PASSAGE] – repeals IC 6-3.1-19-5.5 that placed certain conditions on Delaware County and qualifications for the CRED tax credit.

County Adjusted Gross Income Tax (CAGIT) (IC 6-3.5-1.1)

IC 6-3.5-1.1-2; IC 6-3.5-1.1-2.3; IC 6-3.5-1.1-3; IC 6-3.5-1.1-3.1; IC 6-3.5-1.1-4; IC 6-3.5-1.1-10; IC 6-3.5-1.1-11; IC 6-3.5-1.1-21; IC 6-3.5-1.1-21.1; IC 6-3.5-1.1-24; [EFFECTIVE UPON PASSAGE] – conform references to ordinance adoption dates in the CAGIT laws to the dates specified in P.L. 113-210.

County Option Income Tax (COIT) (IC 6-3.5-6)

IC 6-3.5-6-2; IC 6-3.5-6-8; IC 6-3.5-6-9; IC 6-3.5-6-10; IC 6-3.5-6-11; IC 6-3.5-6-12; IC 6-3.5-6-12.5; IC 6-3.5-6-13; IC 6-3.5-6-14; IC 6-3.5-6-28; IC 6-3.5-6-29; IC 6-3.5-6-30; IC 6-3.5-6-33; [EFFECTIVE UPON PASSAGE] - conform references to ordinance adoption dates in the COIT laws to the dates specified in P.L. 113-210.

IC 6-3.5-6-18; [EFFECTIVE JULY 1, 2011] – provides that Marion County may use COIT revenue to fund the operation of a public library.

County Economic Development Income Tax (CEDIT) (IC 6-3.5-7)

IC 6-3.5-7-5; [EFFECTIVE UPON PASSAGE] – provides that the maximum CEDIT and COIT rate in Perry County may not exceed 1.75%.

IC 6-3.5-7-12.7; [EFFECTIVE JULY 1, 2011] – allows a city, town, or county to transfer to its general fund money that has been deposited in the CEDIT fund or the rainy day fund.

IC 6-3.5-7-27.5; [EFFECTIVE UPON PASSAGE] – adds a new section to authorize Perry County to impose a CEDIT rate of five-tenths of one percent (0.5%) for use to construct, finance, acquire, improve, renovate, remodel, or equip the county jail and related buildings and parking facilities, including costs of demolition of existing buildings.

IC 6-3.5-7-5; IC 6-3.5-7-6; IC 6-3.5-7-7; IC 6-3.5-7-12; IC 6-3.5-7-13.1; IC 6-3.5-7-16; IC 6-3.5-7-26; IC 6-3.5-7-27; IC 6-3.5-7-28; [EFFECTIVE UPON PASSAGE] - conform references to ordinance adoption dates in the CEDIT laws to the dates specified in P.L. 113-210.

Financial Institutions Tax (IC 6-5.5)

IC 6-5.5-1-2; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – requires financial institutions to add back the following items to adjusted gross income:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15 year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7 year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-5.5-1-2; [EFFECTIVE JANUARY 1, 2012] – requires an add back for investment companies equal to the amount of interest received from investment in state and local obligations of states or political subdivisions other than Indiana for obligations acquired after December 31, 2011.

IC 6-5.5-1-2; [EFFECTIVE JULY 1, 2011] – for taxable years beginning after June 30, 2011 requires financial institutions to add back to adjusted gross income any wages, reimbursements, or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

Motor Carrier Fuel Use Tax (IC 6-6-4.1)

IC 6-6-4.1-2; [EFFECTIVE JULY 1, 2011] – provides an exemption from the motor carrier fuel use tax for vehicles with room for no more than nine passengers.

IC 6-6-4.1-10; [EFFECTIVE JANUARY 1, 2012] – provides that all reports required to be filed, and taxes required to be remitted, for the motor carrier fuel use tax and the international fuel tax agreement shall be reported and filed electronically as prescribed by the Department.

IC 6-6-4.1-17; [EFFECTIVE JANUARY 1, 2012] – provides that if a motor carrier fails to report or remit in an electronic format as required, the Commissioner may suspend or revoke the motor carrier's annual permit.

Cigarette Tax (IC 6-7-1)

IC 6-7-1-28.1; [EFFECTIVE JULY 1, 2011] – changes the distribution of the cigarette tax so that there are no funds distributed to the state retiree health benefit trust fund, and an additional 5.74% is distributed to the general fund during the period from July 1, 2011 to June 30, 2013.

Other Tobacco Products Tax (IC 6-7-2)

IC 6-7-2-2.1; [EFFECTIVE JANUARY 1, 2012] – defines moist snuff as tobacco that is not intended to be smoked or placed in the nasal cavity.

IC 6-7-2-5; [EFFECTIVE JANUARY 1, 2012] – provides that the definition of other tobacco products includes moist snuff.

IC 6-7-2-7; [EFFECTIVE JANUARY 1, 2012] – provides that moist snuff shall be taxed at \$.40 per ounce instead of 24% of the wholesale price, which is the method of taxation for other tobacco products.

IC 6-7-2-12; [EFFECTIVE JANUARY 1, 2012] – provides that other tobacco products distributors shall file a monthly return that includes the wholesale price for tobacco products other than moist snuff and for moist snuff, the weight of the moist snuff.

NONCODE; [EFFECTIVE JULY 1, 2011] – provides that the other tobacco products tax on wet snuff of \$.40 per ounce applies to products brought into Indiana for distribution, manufactured in Indiana for distribution, or transported to a retail dealer in Indiana for resale by the retail dealer, by a distributor after December 31, 2011.

Tax Administration (IC 6-8.1)

IC 6-8.1-5-1; [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – provides that a taxpayer has 60 days to pay or protest a proposed assessment. Current law limits the time period to 45 days.

IC 6-8.1-8-2; [EFFECTIVE UPON PASSAGE] – clarifies that a county clerk is required to expunge a warrant if it is determined that the tax warrant was issued in error. This section also requires the Department to mail the release of the warrant and the order for the warrant to be expunged within seven days of the determination that the warrant was in error.

IC 6-8.1-8-2; [EFFECTIVE JULY 1, 2011] – provides that a lien on real property is void if the person owing the tax provides written notice to the Department to file an action to foreclose on the lien, and the Department fails to file an action to foreclose on the lien within 180 days after receiving the notice. After 180 days, the taxpayer may file an affidavit with the county clerk that the Department has not taken action to foreclose on the lien. Upon receipt of the affidavit, the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

IC 6-8.1-8-3; [EFFECTIVE JULY 1, 2011] – provides that a county sheriff still has collection authority if the taxpayer has taken an action to have the Department foreclose on the lien and the judgment lien has been released.

IC 6-8.1-8-8; [EFFECTIVE JULY 1, 2011] – provides that the Department still has authority to levy or garnish for a tax liability where the taxpayer has had a lien released as a result of the Department not foreclosing on the lien.

IC 6-8.1-8-16; [EFFECTIVE UPON PASSAGE] – adds a new section that provides that no demand notice, warrant, levy, or proceeding in court for the collection of a protested listed tax may be issued, commenced, or conducted against a taxpayer until the later of the expiration of the period in which the taxpayer may appeal the listed tax to the tax court, or a decision of the tax court concerning the protested listed tax becomes final, if the taxpayer filed a timely appeal.

IC 6-8.1-9-1; [EFFECTIVE UPON PASSAGE] – clarifies that the tax court does not have jurisdiction to hear a refund appeal if: (1) the appeal is filed more than three years after the date the claim for refund was filed with the Department (current law); or (2) the appeal is filed more than 90 days after the later of the decision of denial of the claim or the decision made on the protest of the refund claim denial. This section also provides that a refund claim for sales tax based on predominant use under IC 6-2.5-4-5(c)(3) or the exemption provided under IC 6-2.5-5-5.1 for utilities must be filed with the Department within 18 months after the date of payment.

Innkeepers' Taxes, Other Local Taxes (IC 6-9)

IC 6-9-2-1; [EFFECTIVE JULY 1, 2011] – provides that the Lake County Innkeepers' Tax applies if a room is rented for less than 30 days by the same party in the same room. The tax is collected at the local level.

IC 6-9-7-7; [EFFECTIVE UPON PASSAGE] – provides that 30% of the innkeepers' tax in Tippecanoe County will be deposited in the state general fund for the period from July 1, 2015 to June 30, 2017.

IC 6-9-10.5-6; [EFFECTIVE JULY 1, 2011] – authorizes White County to increase the innkeepers' tax from 3% to 5%. The tax is collected at the local level.

IC 6-9-24-9; [EFFECTIVE UPON PASSAGE] – extends the Nashville Food and Beverage Tax from January 1, 2012 until January 1, 2022.

Alcoholic Beverage Taxes & Permits (IC 7.1)

IC 7.1-3-21-15; [EFFECTIVE JANUARY 1, 2012] – provides that taxpayers that have an alcoholic beverage permit and delinquent tax liabilities will not have their permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

Motor Carrier Services (IC 8-2.1 & IC 9)

IC 8-2.1-22-36; [EFFECTIVE JULY 1, 2011] – authorizes the Department to grant temporary authority or emergency temporary authority to certain persons during the Super Bowl or the NCAA Final Four for a period of not more than 15 consecutive days.

IC 9-20-18-14.5; [EFFECTIVE JANUARY 1, 2012] – provides that penalties for violations of oversize/overweight statutes are imposed on the person whose United States Department of

Transportation number is registered on the vehicle transporting the load. This section also provides that civil penalties for violations of the statute are discretionary. The statute previously required a civil penalty of a specific amount, and the amendment allows the civil penalty to be up to a specific amount.

IC 9-24-6-0.8; [EFFECTIVE JULY 1, 2011] – adds the term “downgrade” as defined in 49 CFR 383.5 to the terms used concerning commercial driver’s license.

IC 9-24-6-0.9; [EFFECTIVE JULY 1, 2011] – adds the term “medical examiner” as defined in 49 CFR 390.5 to the terms used concerning commercial driver’s license.

IC 9-24-6-2.3; [EFFECTIVE JULY 1, 2011] – adds a provision to require an applicant for a new commercial driver’s license to provide the bureau of motor vehicles with a copy of a current medical examination report and medical examiner’s certificate prepared by a medical examiner. If a medical examination report does not certify that a commercial driver’s license holder meets the physical standards required, or if the driver is otherwise unqualified, the commercial driver’s license or permit is disqualified.

IC 9-24-6-5.5; [EFFECTIVE JULY 1, 2011] – for periods after December 31, 2011, transfers authority over truck driving schools from the Department to the Bureau of Motor Vehicles.

IC 9-24-6-20; [EFFECTIVE JULY 1, 2011] – adds a provision to require the Bureau of Motor Vehicles to downgrade the commercial driver’s license of a driver if the driver’s medical certification expires, or the bureau receives notification that the driver’s federally granted medical variance was removed or rescinded. To prevent the driver’s license from being downgraded, the driver must submit a current and qualifying medical examination report or a federally granted medical variance within 60 days after the Bureau of Motor Vehicles has initiated the downgrade. The applicant for a commercial driver’s license is required to certify that they are going to operate either in interstate or intrastate commerce.

License Protest Provisions

IC 2-7-5-6; [EFFECTIVE JANUARY 1, 2012] – clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the renewal of a registered lobbyist.

IC 4-30-11-11; [EFFECTIVE JANUARY 1, 2012] – clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the payment to a person who has winnings from the Hoosier Lottery.

IC 4-31-6-6; [EFFECTIVE JANUARY 1, 2012] – clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest a license issued by the horse racing commission.

IC 13-14-1-9; [EFFECTIVE JANUARY 1, 2012] – clarifies that all holders of licenses and permits issued by the Department of Environmental Management will not have their license or permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

IC 16-21-2-11; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a hospital, ambulatory outpatient surgical center, abortion clinic, or a birthing center if the facility is on the Department’s most recent tax warrant list.

IC 16-25-3-4; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a hospice center if the center is on the Department’s most recent tax warrant list.

IC 16-27-1-8; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a home health agency providing home health services if the agency is on the Department’s most recent tax warrant list.

IC 16-28-2-3; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a health facility if the facility is on the Department’s most recent tax warrant list.

IC 16-41-35-27; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a radiological technologist if the person is on the Department’s most recent tax warrant list.

IC 20-28-5-14; [EFFECTIVE JANUARY 1, 2012] – clarifies that a teacher’s license will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

IC 25-1-6-8; [EFFECTIVE JANUARY 1, 2012] – clarifies that all licenses issued by the professional licensing agency will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

IC 28-1-29-3; [EFFECTIVE JANUARY 1, 2012] – authorizes the Department to protest the license of a debt management company if the company is on the Department’s most recent tax warrant list.

IC 28-7-5-5; [EFFECTIVE JANUARY 1, 2012] - authorizes the Department to protest the license of a pawnbroker if the pawnbroker is on the Department’s most recent tax warrant list.

IC 28-8-4-20; [EFFECTIVE JANUARY 1, 2012] - authorizes the Department to protest the license of a money transmission company if the licensee is on the Department’s most recent tax warrant list.

IC 28-8-5-11; [EFFECTIVE JANUARY 1, 2012] - authorizes the Department to protest the license of a check cashing company if the licensee is on the Department’s most recent tax warrant list.

Miscellaneous

IC 4-10-22; [EFFECTIVE JANUARY 1, 2012] – provides that if the state reserves at the end of a fiscal year exceed 10% of the general revenue appropriations for the current state fiscal year, 50% of the excess reserves shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic tax refund. To qualify for the refund, a taxpayer must have filed a resident individual income tax return for the last two years, and must have paid tax to the state during the previous taxable year. The amount of the refund is determined on a pro rata basis, based on the taxpayer’s portion of the total income tax liability paid by all qualifying taxpayers in the preceding year.

IC 4-35-8-1; [EFFECTIVE JULY 1, 2011] – provides that, after June 30, 2012, the wagering tax on slot machines at horse tracks will be based on 99% of the adjusted gross receipts.

IC 22-4-17-2.5; [EFFECTIVE JULY 1, 2011] – provides that after December 31, 2011, an individual receiving unemployment compensation may elect to have state and local adjusted gross income taxes withheld from the individual’s payment of unemployment compensation based on withholding instructions issued by the Department.

IC 36-7-13-15; [EFFECTIVE UPON PASSAGE] – provides that the total annual incremental sales and withholding tax distributions for CRED districts in Delaware County may not exceed \$2,000,000.

Noncode Sections

NONCODE [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE) – provides that IC 6-3-1-3.5; IC 6-3-1-11; IC 6-3.1-21-6; and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

NONCODE [EFFECTIVE UPON PASSAGE] – requires the Office of Management and Budget, along with the Department and the Family and Social Services Administration to conduct a study of the issues related to the earned income tax credit.

NONCODE [EFFECTIVE UPON PASSAGE] – requires, among other things, the Commission on State Tax and Financing Policy to study all aspects, including advantages and disadvantages, of phasing out the state inheritance tax. Requires a study concerning sales tax holidays and Internet sales and taxation.

NONCODE [EFFECTIVE UPON PASSAGE] – requires the Commission on State Tax and Financing Policy to study how the tax structure in Indiana influences a senior's decision on residency after retirement.

2011 Areas of Recurring Taxpayer Noncompliance

Returns Processing

The vast majority of returns and forms sent to the Department each year are prepared correctly, and the Department has been able to process them using the latest technology available. The Department annually receives in excess of 4.2 million documents and an additional 2.5 million W-2 forms to be processed. Some of those items are received with incomplete information or no basic information from the taxpayer (such as checks without an accompanying coupon). It then becomes the Department's responsibility to make decisions about what to do with the information or money it has received. The Department strives each year to process returns and checks more efficiently and accurately.

To do this, the Department works to gain the mutual cooperation of Indiana taxpayers and their preparers to help identify where they can eliminate errors before they get to the Department. The agency also is committed to identifying and resolving internal flaws that result in filing and processing errors.

The following is a list of the most common filing errors found in the tax-filing process:

Duplication of filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then sends the Department a paper copy of the return, along with the payment or as an informational return. After this duplicate filing is identified, an employee must go into the system to mark the second filing as "information only" to ensure accuracy.

Calculation errors

When a calculation error is detected, the Department system flags the return. An employee must then review 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 was placed on an incorrect form line, which can cause the columns on the tax return to total incorrectly. After the error has been determined and corrected, the return posts properly.

Claiming credits incorrectly

Credit commonly is claimed even when they cannot be substantiated or the proper documentation is not included with the return. This causes the credit to be denied; otherwise, an employee must contact the taxpayer to get the information.

Failure to complete a tax return or filing

When returns are received lacking all the necessary information, including all W-2s, schedules, required attachments and documentation, the return is processed with only the information provided or is delayed. This can cause any deductions and/or credits not verified to be denied and could result in a reduced refund or possible notice of tax due. The Department then sends the taxpayer a letter explaining the reason for the denial or reduction.

Use of non-Departmental payment coupons

The Department provides taxpayers with automation-friendly coupons, according to tax type, for many of the taxes due to the State of Indiana. These coupons are preprinted with information such as the taxpayer's name, the account number, the tax type and the period for which the coupon is being filed. The information about the taxpayer is included in the scan line at the bottom of the coupon. The automation-friendly equipment used to process the document and money then reads the information from the scan line and posts the information accordingly. If these coupons are not used correctly, or are used by a taxpayer for another account number, the return and payment are posted to the incorrect account. Therefore, if a taxpayer does not have the correct documents for the account printed out of a

software package or provided by the Department, the taxpayer needs to contact a Department taxpayer representative to have the coupon replaced or to receive instructions as to how the payment should be processed to ensure proper posting.

Post-filing coupons (PFC)

For the past 13 years, the Department has worked with a number of software vendors to allow taxpayers to file individual income tax returns electronically. As part of this effort between the Department and software vendors, taxpayers can file electronically as early in the year as they prefer but delay payment until the filing deadline date. Therefore, post-filing coupons (PFCs) were developed according to Department standards so that automation-friendly coupons could be generated from software packages at home or by the tax preparer. This practice has become widespread during the past 13 years, but with that success has come one distinct problem: The scan line printed from the software is not printed in OCR-A Extended font. The user can download this font, or the software vendor can embed it into the form. However, this must be done so that the Department can read the information correctly to ensure accuracy. This is an issue for all payment vouchers, but it is most common on the PFCs because of the high volume received and the wider variety of printers owned by individual taxpayers.

Nonstandard printing of forms

Efficient and accurate capturing of data from returns and payment vouchers requires consistent printing of forms. Data is captured using a template of each form that indicates where each piece of information can be found. The default print option on many taxpayers' printers causes the forms to print in a smaller area than what is intended. If a form is printed using any type of resizing (shrinking of the image), the OCR/ICR process might not read the form correctly. Data might be captured from the wrong field or not captured at all. When such errors occur, manual keying by Department personnel is required to correct them.

Reporting errors

Reporting errors occur on virtually every type of tax return, including, but not limited to, income, sales, fuel, cigarette and motor carrier tax types. Typical errors include, but are not limited to, unsigned forms, lack of an identifying account number, the wrong form or form revision, missing schedules or W-2 forms, lack of documentation, duplication of a credit or deduction and failure to calculate county tax. These errors can result in the form being returned to the taxpayer, a representative from the Department contacting the customer, a bill being sent for the amount of perceived tax due and the inability to post the return or payment properly.

Unidentified checks

Each year the Department receives more than 28,000 checks without an accompanying tax return. These checks might or might not have a note attached. The Department then must contact the taxpayer to determine how and where the check should be applied. If the customer cannot be located, the Department must then research the situation to determine how to apply the check. This process occurs because the taxpayer either has failed to register his or her account properly but submitted a return anyway or has sent the Department a check because he or she lost the return but knows the due date is looming. The Department also has a number of customers who file their returns through INTax but send a paper check instead of paying via one of the Internet payment options. Any time a payment is received without a return, there is an opportunity for the Department to incorrectly post the payment.

Onion skin W-2 forms

The use of onion skin W-2 forms by employers has created a number of problems for the Department in processing both the WH-3s and W-2s submitted by employers and individuals. The Department processes both types of returns through an imaging process. The onion skin W-2 forms, because they are so thin, do not image well and, in a number of cases, the print is completely washed out. When the image of the document is presented to be captured, it appears that there is no information on the form.

Therefore, nothing is reported and the system may reduce the withholding by the amount that could not be read on the image.

Multiple returns filed with one check, or one return filed with multiple checks

Both of these instances cause the return(s) and check(s) to be taken out of the automated processing system and require manual processing, which can cause delays in posting the payment(s) and return(s) to the proper accounts. In the event that one check is received with multiple returns for different accounts, it is highly likely that the check could be applied with the first return to create an overpayment situation for that account and billings (including penalty and interest) for all of the subsequent accounts. When this happens, it takes a great deal of work on the part of the Department employee and the customer(s) to resolve the problem.

WH-3 and W-2 forms

Legislation requires any withholding agent who completes more than 25 W-2 forms to submit them electronically through INtax. While this legislative mandate has reduced the number of documents the Department has to key in or image, there are still a number of issues with those received by the Department. Many WH-3s sent to the Department cannot be processed because they do not have W-2 forms attached, do not have account numbers (TID), do not have a barcode on the form, or incomplete W-2 forms are attached.

There are also those businesses that, despite the new law, still mail in their WH-3 with more than 25 W-2 forms attached. The Department has to then contact the taxpayers and have them resubmit their WH-3 electronically.

Filing of the incorrect tax form

Filing the incorrect tax form also causes delays. If taxpayers live the entire year in a state that has a reciprocal agreement with Indiana (Kentucky, Michigan, Ohio, Pennsylvania and Wisconsin), and the only source of Indiana income was wages, then they should use Form IT-40RNR. If the taxpayer is in the military, received gambling winnings from Indiana or is not a resident of one of the five reciprocal states, then he or she must file an IT-40PNR.

Filing Statistics

Tax Year 2010 Individual Income Tax Returns Posted by Filing Method Through September 06, 2011*

*The statistics below represent current-year individual income tax returns that have completed processing for tax year 2010.

Filing Method	Total Number of Returns Posted	Total Amount Due Returns	Total Number of Overpaid Returns	Total Number of In-Balance Returns (No Amount Due & Not Overpaid)
2D Barcode	282,537	95,448	169,821	17,268
Fed/State Electronic	2,048,313	564,532	1,407,529	76,252
Indiana Internet	185,019	40,490	138,210	6,319
Paper	480,884	144,902	273,649	62,333
Total 2010	2,996,753	845,372	1,989,209	162,172

Contact Us

Practitioner Hotline	800.462.6320 enter code 4367 www.in.gov/dor/3338.htm
Individual Income Tax Questions	317.232.2240
Business Tax Questions	317.233.4015
Corporate Income Tax	317.232.0129
e-file Questions	317.232.0059
Streamlined Sales Tax	317.233.4015 www.in.gov/dor/3341.htm
Automated Information Line	317.233.4018 <i>To check on the status of refunds, prerecorded tax topics, or tax liability balances</i>
Collection/Liability Inquiries	317.232.2165
Motor Carrier Services “One Stop Shop”	317.615.7200
Tax Forms Order Line	317.615.2581

To access tax forms, information bulletins and directives, tax publications and more, visit our website at www.in.gov/dor

If you have any suggestions regarding forms or forms processing, please send an e-mail to: feedback@dor.in.gov

If you need additional assistance, please call us at any of the phone numbers listed below or visit one of our district offices listed on the next page. Our normal office hours are Monday through Friday from 8 a.m. to 4:30 p.m.

District Office Locations

Indianapolis (Main Office)

Indiana Government Center
North, Room N105
100 N. Senate Avenue
Indianapolis, IN 46204
(317) 232-2240

Bloomington

410 Landmark Avenue
Bloomington, IN 47403
(812) 339-1119

Clarksville

Physical Location

1446 Horn Street
Clarksville, IN 47129
(812) 282-7729

Mailing Address

P.O. Box 3249
Clarksville, IN 47131-3249

Columbus

3520 Two Mile House Rd.
Columbus, IN 47201
(812) 376-3049

Evansville

500 S. Green River Rd.
Goodwill Building
Suite 202
Evansville, IN 47715
(812) 479-9261

Fort Wayne

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Fort Wayne, IN 46804
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Kokomo

117 E. Superior St.
Kokomo, IN 46901
(765) 457-0525

Lafayette

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Merrillville

1411 E. 85th Ave.
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Muncie

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Muncie, IN 47304
(765) 289-6196

South Bend

1025 Widener Lane, Suite B
South Bend, IN 46614
(574) 291-8270

Terre Haute

30 N. 8th St., 3rd Floor
Terre Haute, IN 47807
(812) 235-6046

Note: Addresses and telephone numbers are subject to changes. Check your local listings.