INDIANA DEPARTMENT OF REVENUE

TAX CHAPTER

2012

Quality That Counts

STATE of INDIANA
DEPARTMENT OF REVENUE
INDIANA GOVERNMENT CENTER NORTH
100 N. SENATE AVE
INDIANAPOLIS, IN 46204-2253

Tax Professional:

We are pleased to provide the 2012 "Tax Chapter." We certainly hope this product will help you and your clients in preparing 2012 Indiana tax returns.

We are all trying to do the same two things:

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

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 your clients. These systems save time and money for both your clients and the state.
2. Remember, too, that electronic filing systems generally provide refunds, when due, <u>much faster</u> than other methods. For individual returns, if both filing and refund were electronically filed and no problems with the return occurred, we delivered refunds in 3-5 days!
3. The General Assembly approved the Annual Tax Refund credit and instructions for filing for that credit are now included in our booklets and in this chapter.
4. And for businesses, the General Assembly has mandated that all businesses both file and remit sales taxes and withholding taxes electronically beginning in January 2013.
5. There are many changes to the tax codes that are fully outlined in this "Chapter" for you. We have worked diligently to include everything you need. Also included is a line-by-line listing of each tax code change.

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 Jayna Haldeman at jhaldeman@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,

Mike Alley
Commissioner

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Indiana Department of Revenue

2012 Update

Credits

Automatic Taxpayer Refund Credit for Hoosiers

The Indiana General Assembly passed legislation providing for an Automatic Taxpayer Refund credit for eligible Indiana taxpayers when the state budget surplus exceeds the amount needed to protect against a downturn in the economy.

Most Hoosier taxpayers are eligible for the credit in 2012, but there are some qualifications that must be met. An eligible taxpayer:

- Must have timely filed a full-year Indiana resident income tax return for tax year 2011[1]
- Must timely file a full-year resident Indiana income tax return for tax year 2012[2]
- Must have a modified state tax liability for 2012

Notes

1. 2011 full-year resident Indiana income tax return may include IT-40, IT-40EZ, IT-40PNR (only MFJ where qualifying taxpayer is a full-year Indiana resident), SC-40.
2. 2012 full-year resident Indiana income tax return may include IT-40, IT-40EZ, IT-40PNR (only MFJ where qualifying taxpayer is a full-year Indiana resident). SC-40 not included in this list as the rules require the presence of a modified state tax liability for 2012.

The amount of the credit will be determined in the Fall of 2012, and is available for each qualified taxpayer and/or spouse.

The credit may be claimed when filing the Form IT-40, Form IT-40EZ and, if married filing jointly (MFJ), the Form IT-40PNR where one spouse is a full-year Indiana resident.

Sunset Credits

- Sunset – teacher summer employment credit no longer available for tax years beginning after 12/31/11

Extended Credits through 2016

- Alternative fuel vehicle manufacturing tax credit
- Hoosier business investment tax credit
- New employer tax credit
- Venture capital investment tax credit

Modified Credits

- Employer health benefit plan credit – 2011 last year to claim a new credit; any unused portion of credit is available for carryforward, but cannot be claimed in tax year 2012 or 2013; carry forward remaining credit to 2014 thru 2015; credit sunsets in 2015.
- Maternity home credit – 2011 last year to claim a new credit; any unused portion of credit is available for carryforward, but cannot be claimed in tax year 2012 or 2013; carryforward remaining credit to 2014 thru 2015; credit sunsets in 2015.
- Small employer qualified wellness program credit – 2011 last year to claim a new credit; any unused portion of credit is available for carryforward, but cannot be claimed in tax year 2012 or 2013; carryforward remaining credit to 2014 thru 2015; credit sunsets in 2015.

New Add-Back for 2012
OOS municipal obligation interest add-back; 137 is the 3-digit code (must be a positive amount) Any interest earned from a direct obligation of the State of Indiana or a political subdivision of the State of Indiana is not taxable for purposes of the Adjusted Gross Income Tax Act.

Interest earned from a direct obligation of a state or political subdivision other than Indiana is subject to the adjusted gross income tax if the obligation is acquired after Dec. 31, 2011. An obligation will be considered to be acquired on the trade date. Interest earned from obligations held or acquired prior to December 31, 2011 is not subject to Indiana income tax.

Interest earned from obligations of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana is not included in federal gross income and is exempt under federal law. There is no add-back for interest earned on these obligations.

Sales and Withholding Tax
This year the Indiana legislature passed a few laws that change the way business taxpayers will be required to file and remit sales and withholding taxes. The changes are as follows:

- Effective July 1, 2012, anyone who is required to file more than 25 W-2, 1099-R, or WH-18 statements must file them electronically
- Effective Jan. 1, 2013, all retail merchants must report and remit sales tax electronically
- Effective Jan. 1, 2013, all withholding agents must report and remit withholding taxes electronically
- Effective Jan. 1, 2013, quarterly withholding filings will be eliminated

Thus, beginning next year, all sales and withholding taxes will have to be remitted via the Department's INtax application or an electronic funds transfer (EFT). Additionally, businesses will be required to file their sales and withholding electronically, which can include using certified vendors.

Withholding Tax
The due date for the payment and reporting of one-time distributions to nonresident partners has changed:

- WH-18 due to nonresident partners by the 15th day of the third month after end of the tax year
- The WH-1 and payment are due by the 15th day of the fourth month after end of the tax year
- WH-3 due the 15th day of the fourth month after end of tax year Effective July 1, 2012

Electronic Filing
Since 2005 Indiana has offered an electronic filing and payment system for business taxpayers called INtax. The system allows business taxpayers to report and remit sales tax, withholding tax, tire tax, prepaid taxes, wireless prepaid taxes, and others at one site. Payment can be made through INtax or electronic funds transfer (EFT). Those who are not registered to file and/or pay online currently receive coupons to submit and pay their trust taxes. Early, monthly, 4-week, and seasonal filers receive these coupons every six months. Annual filers receive their coupon once a year.

The 2012 General Assembly passed a law requiring ALL Indiana businesses to report and remit sales tax and withholding tax electronically. Thus, the distribution of these coupons will change beginning in January 2013. The Department of Revenue will mail 6-months of coupons to all who have not yet registered to file and pay electronically at the end of 2012 as well as those who have received approved exceptions.

However, in mid-2013 the Department will discontinue mailing coupons for sales and withholding. Moreover, the coupons will NOT be available upon request. Thus, taxpayers will need to report and remit electronically or fail to comply with the law.

Taxpayers should register for INtax or begin using a third-party agent before Jan. 1, 2013, rather than risking non-compliance and legal action.

INtax
You can 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.

INtax is for Practitioners, too!
INtax is not only a great tool for business owners themselves, but also is a great tool for practitioners. According to a recent user survey, most current users had positive feedback about the program:

- 90% of users surveyed said that the instructions for INtax are easy to understand
- 90% of users surveyed said that the INtax website is easy to navigate
- 83% of users surveyed who had viewed the INtax tutorials said that the tutorials were helpful
- 91% of users surveyed said that they were satisfied with INtax

With INtax, a practitioner can file and pay their client's business taxes; take care of several other record-keeping tasks; and manage several business tax types, including Indiana retail sales, out-of-state sales, prepaid sales, metered pump sales, tire fees, fuel taxes, withholding taxes and more.

Here are just a few of the other tasks a practitioner can complete using INtax:

- Correspond with the Department of Revenue online through a confidential, secure inbox
- Register and edit multiple clients
- View and print a current client list
- Schedule payments up to 30 days ahead
- File a return even when no tax is due for that filing period so clients can avoid best information available (BIA) bills
- Make a separate electronic payment for each client or pay multiple client accounts through a bulk payment upload
- View the client's payment and return history at any time

Although a client is not required to be registered with INtax before a practitioner can add the client, the client still has the option to register for INtax to be able to access his account information, as well as view the activities of the practitioner. Whether the client registers for INtax or not, he is notified that a practitioner is managing his state taxes using INtax.

Inheritance Tax

- The exemption for a Class A transferee is increased from $100,000 to $250,000
  A spouse, widow or widower of a child or a stepchild of a decedent is considered a Class A transferee. Effective Jan. 1, 2012 (Retroactive)

- Inheritance Tax transfers to a pass-through entity. The inheritance tax will be based on each individual's ownership interest in the entity and whether the person is a Class A, B, or C transferee. Effective July 1, 2012

Miscellaneous

- If a person has been convicted of selling synthetic drugs, AKA "bath salts" or "spice," and the sale occurred in the normal course of business, the retail merchant certificate will be suspended for one year and no certificate will be issued to anyone else who owned, was an officer of, or was employed by the retail merchant that was suspended. Effectively Immediately

- Fiduciary Filing Requirement Change. Trusts and estates are excluded from the requirement of filing a state fiduciary return (Form IT-41) if the gross receipts of the trust or estate are less than $600. Effective Jan. 1, 2013.

Tips

Freefile

INFreefile continues for 2012. Past returns are still available to review if they were filed via I-File. Multiple vendors offer State and federal tax preparation for free for qualified taxpayers.

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

1. A mature and robust set of systems provided by multiple vendors 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. When 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 are no longer be able to use IT-40EZ, 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.

Include all Necessary Schedules

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 paper return, please remit payment with the return.

Income Statements

Income statements (e.g. W-2, WH-18, 1099s) must be included with a paper return to claim Indiana credit for state and/or local withholding. Do not send W-2s with information on the front and back. Single-sided withholding statements only.

When Complete
Do not 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 photocopies of returns, please make sure they are legible. And finally, ensure all schedules match the form type being submitted (e.g. Schedule CT-40 PNR with a Form IT-40 PNR).

Certified
Only use forms 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.

Trust Tax Returns
Submit only one check per trust tax return. Multiple returns with one check or multiple checks with one return may cause processing delays. Returns and payments should only show a valid and complete TID. Do not use "applied for" or FIDs in the TID field. No specific account information on a business account will be given without having a valid POA on file.

- Do not white out or make any handwritten changes on trust tax returns.
- Do not staple or paper clip form enclosures.
- The Department **no longer accepts** faxed tax returns of any type.

ePay Online Application
- Check balances
- Make payment online for a balance due
- Make payment online for one or more liabilities or cases
- Manage estimated tax installment payments or view payment history
- You can now schedule an eCheck payment for up to 90 days in the future

Payment Plan Tool Online
INtax Pay
Individuals who have received a bill may be able to set up a payment plan for an individual liability online:
- Taxpayer must owe more than $100
- Pay 20 percent down
- Must have the case number found on the bill
- Visit www.intaxpay.in.gov

Mailing Instructions have Changed
- Returns with 2D barcode will no longer be mailed to a separate address. Returns will be mailed determined by payment status.
    - If enclosing payment mail to: P.O. Box 7224, Indianapolis, IN 46207-7224
    - Mail all other returns to: P.O. Box 40, Indianapolis, IN 46206-0040
- FormWH-3 will be mailed based on payment status.
    - If requesting a refund mail to: P.O. Box 7220, Indianapolis, IN 46207-7220
    - Mail all other Form WH-3s to: P.O. Box 6108, Indianapolis, IN 46206-6108
- Correspondence regarding Individual tax issues mail to P.O. Box 7206, Indianapolis, IN 46207-7206
- Don't forget that you can change the address on an Individual account by visiting our website at www.in.gov/dor/3795.htm.

2013 Due Date Table

Date	Form Type/Activity
04/15/13	IT-40, IT-40EZ, IT-40PNR, IT-40RNR, IT-40ES / ES-40 (1st qtr), IT-9
06/17/13	IT-40ES / ES-40 (2nd qtr); IT-9 State extension filing due date
7/01/13	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)
09/16/13	IT-40ES / ES-40 (3rd qtr)
11/15/13	State filing due date if filing under federal extension (Form 4868)
01/15/14	IT-40ES / ES-40 (4th qtr)

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).

- Complete the county tax breakdown portion on the reverse side of the form
- Be sure that the total amount withheld on the county breakdown on the reverse of the form Matches line 2 on the front side of the form
- Be sure to sign and date the form
- Leave entries blank if no dollar amount is present
- Check the box on the front of the form indicating you have completed the reverse side (found on 2010 WH-1)
- www.in.gov/dor/4183.htm

Power of Attorney (Form POA-1)

You may submit the form by:

- Fax 317-625-2605
- E-mail poa1forms@dor.in.gov
- Mail

  Indiana Department of Revenue
  P.O. Box 7230
  Indianapolis, IN 46207-7230

Automatic Updates

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

Once you have 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.

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 Website.

2012 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 more than 4 million documents and an additional 2 million W-2 forms to be processed. Some of those items are received with incomplete information or lacking basic information from the taxpayer (such as checks without an accompanying return). It then becomes the Department's responsibility to determine what to do with the information or money it has received. The Department strives each year to process returns and checks efficiently and accurately. In fact, this year the Returns Processing Center finished processing timely individual returns 5 weeks earlier than in 2011 and finished timely corporate tax returns more than 5 months earlier than in 2011.

Each of the below practices requires manual data entry to complete a return. In addition, once started, the taxpayer often continues the erroneous practice. The Department has many avenues for changing these practices, however. These include awareness campaigns through the tax preparer community and the Department's website, written communication to taxpayers who repeatedly file incorrectly, problem identification and remediation on in-bound customer contact, and conducting out-bound customer contact for problem accounts. Although time-consuming and expensive, this broad approach is most effective in the long run to help taxpayers use the correct practices that will expedite the processing of returns correctly.

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 Department system to mark the second filing as "information only" to ensure accuracy. This increases workload unnecessarily.

Calculation errors

When a calculation error is detected, the return is flagged for review. An employee then examines the return and determines 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 is successfully processed.

Claiming credits incorrectly

Credits commonly are sometimes claimed even when they are not 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 necessary information.

Failure to complete a tax return or filing

When a return is received lacking all the necessary information, including all W-2s, schedules, and 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. Solution: if a taxpayer does not have the correct documents for the account printed from a software package or provided by the Department, they should contact the Department to have the coupon replaced or to receive instructions on how the payment should be processed to ensure proper posting.

Post-filing coupons (PFC)
For the past 13 years, the Department has worked many 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 to allow automation-friendly coupons to be generated from software packages at home or by the tax preparer. This practice has become common 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. Solution: The user can download this font, or the software vendor can embed it into the form. This <u>must be done</u> so that the Department can read the information correctly to ensure accuracy.

Nonstandard printing of forms
Efficient and accurate capturing of data from paper returns and payment vouchers requires consistent printing of forms. Data is captured using a template of each form that indicates to the scanner 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 intended. If a form is printed using any type of resizing (shrinking of the image), the scanner 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. Solution: Ensure you are using standard forms or those from a certified vendor.

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 thousands of 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.

Solution: All checks should be submitted to the Department with the appropriate tax form. The two most common causes for missing tax forms are:

1. Use of an electronic bill payment service through a bank. While seemingly convenient, the service has no way to supply the form to the department with the check. As a result the convenience becomes inconvenient while trying to get the taxpayer’s account reconciled. In this case, the taxpayer’s most convenient form of payment is ePay or submitting their check and form without going through a third party.

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.

Solution: WH-3’s and the accompanying wage statements can be submitted electronically either through INtax or bulkupload. Information on the process is at www.in.gov/dor/4455.htm. W-2’s given to the employee should be legible and complete. This information is used to ensure that the taxpayer is paying the appropriate taxes. Incomplete or illegible wage statements hold up employee refunds and the processing of their taxes in a timely manner.

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 image or manually enter, 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.

Solution: Legislation requires electronically filed returns for any company with more than a total of 25 W-2’s, regardless of the number of employees. Visit: www.in.gov/dor/4455htm for information. Each withholding agent is required to submit complete WH-3’s. The Department holds these returns and contacts the agent when they are found to be incomplete. This holds up processing and may result in penalty and interest.

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 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 2011 Individual Income Tax Returns Posted by Filing Method through September 17, 2012*

Filing Method	Total Number of Returns	Total "Amount Due" Returns	Total Number of "Overpaid Returns" (Refund Due)	Total Number of In-Balance Returns (No Amount Due & Not Overpaid)
2D Barcode	257,303	85,156	158,095	14,052
Fed/State Electronic	2,287,087	592,577	1,607,978	86,532
Paper	489,349	135,259	290,025	64,065
Total 2011	3,033,739	812,992	2,056,098	164,649

*The statistics represent current-year individual income tax returns that have completed processing for tax year 2011.

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

If you need additional assistance, please call us at any of the phone numbers listed on the next page or visit one of our district offices listed on the next page. Our office hours are Monday through Friday from 8:00 a.m. to 4:30 p.m.

Contact Us

Practitioner Hotline	**800-462-6320** (**enter 4367)**	www.in.gov/dor/3863.htm
Individual Income Tax Questions	**317-232-2240**	
Business Tax Questions	**317-233-4015**	
Corporate Income Tax	**317-232-0129**	
INtax Hotline	**317-232-2337**	
efile Questions	**317-232-0059**	
Streamlined Sales Tax	**317-233-4015**	www.in.gov/dor/3341.htm
Automated Information Line	**317-233-4018**	
Collection/Liability Inquiries	**317-232-2165**	
Motor Carrier Services	**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 on the next page or visit one of our district offices listed on the next page. Our office hours are Monday through Friday from 8:00 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 Road
Columbus, IN 47201
(812) 376-3049

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

Fort Wayne
1415 Magnavox Way
Suite 100
Fort Wayne, IN 46804
(260) 436-5663

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

Lafayette
100 Executive Dr.
Suite B
Lafayette, IN 47905
(765) 448-6626

Merrillville
1411 E. 85th Ave
Merrillville, IN 46410
(219) 769-4267

Muncie
3640 N. Briarwood Lane
Suite 5
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 Street, 3rd Floor
Terre Haute, IN 47807
(812) 235-6046

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

Legislative Summary

2012 ENROLLED ACTS

HOUSE BILLS

HB 1002 – IC 6-3.1-13.5-14 [EFFECTIVE JULY 1, 2012] – Provides that the capital investment tax credit cannot be awarded after December 31, 2016, and allows a carryover of unused credits until December 31, 2019.

HB 1009 – NUMEROUS SECTIONS THROUGHOUT THE INDIANA CODE [EFFECTIVE UPON PASSAGE] – Resolves technical conflicts between differing 2011 amendments to Indiana Code sections, including incorrect statutory references, nonstandard tabulation, grammatical problems, and misspellings.

HB 1072 – IC 6-2.3-4-7 [EFFECTIVE JANUARY 1, 2013] – Provides that gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier as payment of severance damages or other compensation resulting from a change in assigned service area boundaries.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that a utility is not required to charge sales tax for utilities that are separately metered or predominately used by a person engaged in recycling after December 31, 2011, or engaged in processing, repairing, floriculture, or arboriculture after December 31, 2012.

IC 6-2.5-5-5.1 [EFFECTIVE JULY 1, 2012] – Provides that a taxpayer is allowed to file a claim for refund for sales tax paid on exempt utilities if the claim is filed within 36 months of the service being provided. Current law requires the claim to be filed within 18 months of the service being provided.

IC 6-2.5-5-9 [EFFECTIVE JULY 1, 2012] – Provides that the sale of wrapping material and empty containers is exempt from the sales tax if the materials are purchased by an industrial processor to be used as nonreturnable packages in the shipment or delivery of goods that are owned by another person.

IC 6-2.5-5-30 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that equipment purchased by recyclers is exempt from the sales tax if the equipment is required by local, state, or federal regulations and is used to provide increased environmental quality.

IC 6-2.5-5-45.8 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that machinery, tools, and equipment are exempt from the sales tax if the person acquiring the property acquires it for direct use in direct processing of recycling materials and the person is occupationally engaged in recycling. Materials consumed in the processing of recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the sales tax.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2013] – Repeals the provision that allowed a taxpayer to file a combined sales and withholding tax return. Requires all retail merchants to report and remit sales and use tax through the Department's online tax filing program.

IC 6-3-1-3.5 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the Indiana definition of adjusted gross income.

IC 6-3-1-11 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the definition of the Internal Revenue Code.

IC 6-3-4-1 [EFFECTIVE JANUARY 1,2013] – Provides that trusts and estates are not required to file a fiduciary tax return if the gross receipts of the entity are less than $600. This corresponds to federal requirements for trusts and estates contained in Section 6012(a) of the Internal Revenue Code.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2013] – Provides that withholding taxes may be filed annually if the total tax due for the year is less than $1,000. Eliminates the current requirements for quarterly and semi-annual filing. If the taxes withheld exceed $1,000 per year, monthly filing and remittance are required.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2013] – Requires all withholding agents to report and remit withholding taxes using the Department's online tax filing system. Deletes the provision that allowed taxpayers to file a combined withholding and sales tax return.

IC 6-3-4-12 [EFFECTIVE JULY 1, 2012] – Requires a partnership that makes periodic withholding payments for nonresident partners to report the amount withheld by March 15 after the end of the tax year. Prior law required reporting within 30 days of the end of the year. Provides that if payment is made only annually for a nonresident partner, it is due by April 15 instead of 30 days after the year end.

IC 6-3-4-13 [EFFECTIVE JULY 1, 2012] – Changes the due date for annual one-time withholding for shareholders in an S corporation from March 15 to April 15.

IC 6-3-4-16.5 [EFFECTIVE JULY 1, 2012] – Provides that if a person is required to file more than 25 W-2G, 1099-R, or WH-18 statements in a year, the person is required to file the statements in an electronic format as determined by the Department.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2012] – Extends the venture capital investment tax credit until December 31, 2016. The credit was to expire on December 31, 2014.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2012] – Extends the Hoosier business investment tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.1-31.9-23 [EFFECTIVE JULY 1, 2012] – Extends the alternative fuel vehicle manufacturing tax credit until December 31, 2016. The credit was to expire on December 31, 2012.

IC 6-3.1-33-9 [EFFECTIVE JULY 1, 2012] – Extends the new employer tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.5-1.1-2 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CAGIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-1.1-10 [EFFECTIVE APRIL 1, 2012] – Provides that the CAGIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-6-1.5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that Miami County may select different uses of COIT funds.

IC 6-3.5-6-8 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a COIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-5 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CEDIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-16 [EFFECTIVE APRIL 1, 2012] – Provides that the CEDIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-7-27.6 [EFFECTIVE UPON PASSAGE] – Authorizes Starke County to impose an additional CEDIT rate of 0.65% for the construction and equipping of a jail.

IC 6-8.1-9-1 [EFFECTIVE JULY 1, 2012] – Removes the prohibition of a taxpayer taking a case to tax court if the Department takes longer than three years to settle a claim for refund. Deletes the provision that requires a sales tax claim for refund for utilities paid to be filed within 18 months after the date of payment.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to review all state income tax credits during the 2012 and 2013 interim. The commission shall review the scope and purpose of the credit, credit limits, who qualifies, the types of activities on which the credit is based, the amount of credits granted over time, suggested changes in the law, and whether the credit should be retained.

HB 1128 – IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2012] – Repeals the sales tax deduction for retail merchants selling E85 fuel.

HB 1141 – IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Deletes the provision that allowed utilities to provide utility service to Low Income Home Energy Assistance Program (LIHEAP) participants without collecting the sales tax on the monthly bill.

IC 6-2.5-5-16.5 [EFFECTIVE UPON PASSAGE] – Repeals IC 6-2.5-5-16.5 that provided a sales tax exemption for home energy expenses provided through the LIHEAP.

HB 1196 – IC 6-2.5-8-7 [EFFECTIVE UPON PASSAGE] – Provides that if the Department finds that a retail merchant has been convicted of selling or offering to sell a synthetic drug in the normal course of business in a place of business for which the retail merchant has been issued a retail merchant's certificate, the Department shall suspend the retail merchant's certificate for the place of business for one year and may not issue another retail merchant's certificate for one year to any person who applied for or made a retail transaction under the suspended retail merchant's certificate or who owned or co-owned, directly or indirectly, or was an officer, a director, a manager, or a partner of the retail merchant that was issued the suspended retail merchant's certificate.

HB 1207 – IC 6-8.1-2-2; IC 6-8.1-3-2.2; IC 6-8.1-4-3 [EFFECTIVE JULY 1, 2012] – Technical clean-up language to conform to the state civil service act passed in 2011.

HB 1258 – IC 6-4.1-2-8 [EFFECTIVE JULY 1, 2012] – Specifies that an individual holding a beneficial interest in an entity is considered the transferee when a transferor makes a transfer to the entity subject to the inheritance tax. Provides that the individual is liable for the same percentage of the inheritance tax as the individual's percentage of ownership interest in the entity.

HB 1279 – IC 5-13-6-1 [EFFECTIVE JULY 1, 2012] – Provides that the Department's district offices are not required to deposit funds on the business day following receipt if the funds on hand do not exceed $500. Current law requires a next-day deposit if the funds exceed $100.

HB 1325 – IC 6-2.5-3-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Defines completion work as the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the Federal Aviation Administration.

IC 6-2.5-5-37 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Expands the sales tax exemption for auto racing teams to include qualifying purchases, excluding tires and accessories, made by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500-style race car.

IC 6-2.5-5-42 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Provides that an aircraft is exempt from the sales tax if the purchaser is a nonresident and the purchaser transports the aircraft to a destination outside Indiana within 30 days after completion of the work or a repurchase evaluation is completed.

IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-2.5-5-46 [EFFECTIVE JULY 1, 2012] – Provides a sales tax exemption for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft if the aircraft is registered in a country outside the United States and has a minimum landing weight of at least 5,000 pounds or is equipped with a turboprop or turbojet power plant. The exemption only applies if the retail merchant possesses a valid repair station certificate issued by the Federal Aviation Administration.

NONCODE [EFFECTIVE JULY 1, 2012] – Requires the Commission on State Tax and Financing Policy to study issues related to whether the exemption for repair of foreign aircraft should apply to all aircraft and avionic devices.

HB 1376 – IC 4-10-22-1 [EFFECTIVE JANUARY 1, 2013] – Provides that beginning in 2013, the Office of Management and Budget shall calculate, after the end of each odd-numbered state fiscal year, the total amount of state reserves available to determine if there should be an automatic tax refund.

IC 4-10-22-2 [EFFECTIVE JANUARY 1, 2013] – Makes the threshold for use of excess reserves 12.5% (rather than 10% under current law) of general revenue appropriations for the state fiscal year in each odd-numbered year.

IC 4-10-22-3 [EFFECTIVE UPON PASSAGE] – Provides that if the excess reserves are less than $50,000,000, the amount shall carry over to each subsequent year until the reserves exceed $50,000,000. If the excess reserves exceed $50,000,000 for FY 2011-2012, 50% of the reserves shall be transferred to the state police, conservation officers, judges, and prosecuting attorneys pension plans. For subsequent years, 50% of the excess shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic taxpayer refund.

IC 4-10-22-4 [EFFECTIVE UPON PASSAGE] – Provides that to qualify for the refund, the taxpayer must have filed an income tax return for the taxable year ending in the calendar year immediately preceding the calendar year in which a determination is made that the state has excess reserves, and the taxpayer must have adjusted gross income tax liability for the taxable year. The amount of the refund for each taxpayer is the total amount of excess reserves divided by the total number of taxpayers that qualify for a refund. The refund is a refundable credit. If an individual and the individual's spouse are both qualifying taxpayers for a taxably year and file a joint return for the taxable year, the individual and the individual's spouse are considered two taxpayers for purposes of determining the amount of the refund.

SENATE BILLS

SB 144 – IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-7-2-6 [EFFECTIVE JULY 1, 2012] – Changes the wholesale price on which the tax for other tobacco products is calculated (excludes cigarettes and moist snuff) to make the wholesale price the net price shown on the manufacturer's invoice, excluding any discount or other reduction that is not shown on the invoice.

SB 175 – NONCODE [EFFECTIVE JULY 1, 2012] – Urges an interim study committee to review the connection of the statewide voter registration list and files maintained by the Department.

SB 237 – IC 6-3.1-30.5-0.5 [EFFECTIVE JULY 1, 2012] – Adds a severability clause to the school scholarship program tax credit

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SB 293 – IC 6-4.1-1-3 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Makes a spouse, widow, or widower of a child of the transferor a Class A transferee. Makes a spouse, widow, or widower of a stepchild of the transferor a Class A transferee.

IC 6-4.1-3-10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Increases the Class A transferee exemption from $100,000 to $250,000.

IC 6-4.1-5-1 [EFFECTIVE JANUARY 1, 2013] – Provides a credit against the amount of inheritance tax due for deaths that occur after December 31, 2012. The credit is 10% in 2013 and increases by 10% per year through 2021 when the tax is totally phased out.

IC 6-4.1-11-6 [EFFECTIVE JULY 1, 2012] – Provides a phase-out of the local guarantee at a rate of 9% per year beginning July 1, 2012, and ending June 30, 2022.

SB 345 – IC 36-8-16.6-5 [EFFECTIVE JULY, 1, 2012] – Provides that fees from the enhanced prepaid wireless charge will be deposited in the statewide 911 fund instead of the wireless emergency telephone system fund.

IC 36-8-16.6-11 [EFFECTIVE UPON PASSAGE] – Requires the statewide 911 board to increase the enhanced prepaid wireless charge on each retail transaction from $.25 to $.50 effective July 1, 2012.

IC 36-8-16.6-22 [EFFECTIVE UPON PASSAGE] – Repeals the sunset provision that applied to the enhanced prepaid wireless fee.

UTILITY RECEIPTS TAX (IC 6-2.3)
IC 6-2.3-4-7 [EFFECTIVE JANUARY 1, 2013] – Provides that gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier as payment of severance damages or other compensation resulting from a change in assigned service area boundaries.

SALES AND USE TAX (IC 6-2.5)
IC 6-2.5-3-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Defines completion work as the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the Federal Aviation Administration.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Deletes the provision that allowed utilities to provide utility service to LIHEAP participants without collecting the sales tax on the monthly bill.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that a utility is not required to charge sales tax for utilities that are separately metered or predominately used by a person engaged in recycling after December 31, 2011, or engaged in processing, repairing, floriculture, or arboriculture after December 31, 2012.

IC 6-2.5-5-5.1 [EFFECTIVE JULY 1, 2012] – Provides that a taxpayer is allowed to file a claim for refund for sales tax paid on exempt utilities if the claim is filed within 36 months of the service being provided. Current law requires the claim to be filed within 18 months of the service being provided.

IC 6-2.5-5-9 [EFFECTIVE JULY 1, 2012] – Provides that the sale of wrapping material and empty containers is exempt from the sales tax if the materials are purchased by an industrial processor to be used as nonreturnable packages in the shipment or delivery of goods that are owned by another person.

IC 6-2.5-5-16.5 [EFFECTIVE UPON PASSAGE] – Repeals IC 6-2.5-5-16.5 that provided a sales tax exemption for home energy expenses provided through the LIHEAP.

IC 6-2.5-5-30 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that equipment purchased by recyclers is exempt from the sales tax if the equipment is required by local, state, or federal regulations and is used to provide increased environmental quality.

IC 6-2.5-5-37 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Expands the sales tax exemption for auto racing teams to include qualifying purchases, excluding tires and accessories, made by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500-style race car.

IC 6-2.5-5-42 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Provides that an aircraft is exempt from the sales tax if the purchaser is a nonresident and the purchaser transports the aircraft to a destination outside Indiana within 30 days after completion of the work or a repurchase evaluation is completed.

IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-2.5-5-45.8 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that machinery, tools, and equipment are exempt from the sales tax if the person acquiring the property acquires it for direct use in direct processing of recycling materials and the person is occupationally engaged in recycling. Materials consumed in the processing of recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the sales tax.

IC 6-2.5-5-46 [EFFECTIVE JULY 1, 2012] – Provides a sales tax exemption for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft if the aircraft is registered in a country outside the United States and has a minimum landing weight of at least 5,000 pounds or is equipped with a turboprop or turbojet power plant. The exemption applies only if the retail merchant possesses a valid repair station certificate issued by the Federal Aviation Administration.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2013] – Repeals the provision that allowed a taxpayer to file a combined sales and withholding tax return. Requires all retail merchants to report and remit sales and use taxes through the Department's online tax filing program.

IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2012] – Repeals the sales tax deduction for retail merchants selling E85 fuel.

IC 6-2.5-8-7 [EFFECTIVE UPON PASSAGE] – Provides that if the Department finds that a retail merchant has been convicted of selling or offering to sell a synthetic drug in the normal course of business in a place of business for which the retail merchant has been issued a retail merchant's certificate, the Department shall suspend the retail merchant's certificate for the place of business for one year and may not issue another retail merchant's certificate for one year to any person who applied for or made a retail transaction under the suspended retail merchant's certificate or who owned or co-owned, directly or indirectly, or was an officer, a director, a manager, or a partner of the retail merchant that was issued the suspended retail merchant's certificate.

ADJUSTED GROSS INCOME TAX (IC 6-3)

IC 6-3-1-3.5 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the Indiana definition of adjusted gross income.

IC 6-3-1-11 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the definition of the Internal Revenue Code.

IC 6-3-4-1 [EFFECTIVE JANUARY 1,2013] – Provides that trusts and estates are not required to file a fiduciary tax return if the gross receipts of the entity are less than $600. This corresponds to federal requirements for trusts and estates contained in Section 6012(a) of the Internal Revenue Code.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2013] – Provides that withholding taxes may be filed annually if the total tax due for the year is less than $1,000. Eliminates the current requirements for quarterly and semi-annual filing. If the taxes withheld exceed $1,000 per year, monthly filing and remittance are required.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2013] – Requires all withholding agents to report and remit withholding taxes using the Department's online tax filing system. Deletes the provision that allowed a taxpayer to file a combined withholding and sales tax return.

IC 6-3-4-12 [EFFECTIVE JULY 1, 2012] – Requires a partnership that makes periodic withholding payments for nonresident partners to report the amount withheld by March 15 after the end of the tax year. Prior law required reporting within 30 days of the end of the year. Provides that if payment is made only annually for a nonresident partner, it is due by April 15 instead of 30 days after the year end.

IC 6-3-4-13 [EFFECTIVE JULY 1, 2012] – Changes the due date for annual one-time withholding for shareholders in an S corporation from March 15 to April 15.

IC 6-3-4-16.5 [EFFECTIVE JULY 1, 2012] – Provides that if a person is required to file more than 25 W-2G, 1099-R, or WH-18 statements in a year, the person is required to file the statements in an electronic format as determined by the Department.

INCOME TAX CREDITS (IC 6-3.1)

IC 6-3.1-13.5-14 [EFFECTIVE JULY 1, 2012] – Provides that the capital investment tax credit cannot be awarded after December 31, 2016, and allows a carryover on unused credits until December 31, 2019.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2012] – Extends the venture capital investment tax credit until December 31, 2016. The credit was to expire on December 31, 2014.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2012] – Extends the Hoosier business investment tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.1-30.5-0.5 [EFFECTIVE JULY 1, 2012] – Adds a severability clause to the school scholarship program tax credit.

IC 6-3.1-31.9-23 [EFFECTIVE JULY 1, 2012] – Extends the alternative fuel vehicle manufacturing tax credit until December 31, 2016. The credit was to expire on December 31, 2012.

IC 6-3.1-33-9 [EFFECTIVE JULY 1, 2012] – Extends the new employer tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

COUNTY ADJUSTED GROSS INCOME TAX (IC 6-3.5-1-1) CAGIT
IC 6-3.5-1.1-2 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CAGIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-1.1-10 [EFFECTIVE APRIL 1, 2012] – Provides that the CAGIT certified distribution will be done monthly instead of semi-annually.

COUNTY OPTION INCOME TAX (IC 6-3.5-6) COIT
IC 6-3.5-6-1.5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that Miami County may select different uses of COIT funds.

IC 6-3.5-6-8 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a COIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

COUNTY ECONOMIC DEVELOPMENT INCOME TAX (IC 6-3.5-7) CEDIT
IC 6-3.5-7-5 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CEDIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-16 [EFFECTIVE APRIL 1, 2012] – Provides that the CEDIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-7-27.6 [EFFECTIVE UPON PASSAGE] – Authorizes Starke County to impose an additional CEDIT rate of 0.65% for the construction and equipping of a jail.

INHERITANCE TAX (IC 6-4.1)
IC 6-4.1-1-3 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Makes a spouse, widow, or widower of a child of the transferor a Class A transferee. Makes a spouse, widow, or widower of a stepchild of the transferor a Class A transferee.

IC 6-4.1-2-8 [EFFECTIVE JULY 1, 2012] – Specifies that an individual holding a beneficial interest in an entity is considered the transferee when a transferor makes a transfer to the entity subject to the inheritance tax. Provides that the individual is liable for the same percentage of the inheritance tax as the individual's percentage of ownership interest in the entity.

IC 6-4.1-3-10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Increases the Class A transferee exemption from $100,000 to $250,000.

IC 6-4.1-5-1 [EFFECTIVE JANUARY 1, 2013] – Provides a credit against the amount of inheritance tax due for deaths that occur after December 31, 2012. The credit is 10% in 2013 and increases by 10% per year through 2021 when the tax is totally phased out.

IC 6-4.1-11-6 [EFFECTIVE JULY 1, 2012] – Provides a phase-out of the local guarantee at a rate of 9% per year beginning July 1, 2012, and ending June 30, 2022.

CIGARETTE & OTHER TOBACCO TAXES (IC 6-7)
IC 6-7-2-6 [EFFECTIVE JULY 1, 2012] – Changes the wholesale price on which the tax for other tobacco products is calculated (excludes cigarettes and moist snuff) to make the wholesale price the net price shown on the manufacturer's invoice, excluding any discount or other reduction that is not shown on the invoice.

TAX ADMINISTRATION (IC 6-8.1)
IC 6-8.1-2-2; IC 6-8.1-3-2.2; IC 6-8.1-4-3 [EFFECTIVE JULY 1, 2012] – Technical clean-up language to conform to the state civil service act passed in 2011.

IC 6-8.1-9-1 [EFFECTIVE JULY 1, 2012] – Removes the prohibition of a taxpayer taking a case to tax court if the Department takes longer than three years to settle a claim for refund. Deletes the provision that requires a sales tax claim for refund for utilities paid to be filed within 18 months after the date of payment.

MISCELLANEOUS AND NONCODE PROVISIONS
IC 4-10-22-1 [EFFECTIVE JANUARY 1, 2013] – Provides that beginning in 2013, the Office of Management and Budget shall calculate, after the end of each odd-numbered state fiscal year, the total amount of state reserves available to determine if there should be an automatic tax refund.

IC 4-10-22-2 [EFFECTIVE JANUARY 1, 2013] – Makes the threshold for use of excess reserves 12.5% (rather than 10%, under current law) of general revenue appropriations for the state fiscal year in each odd-numbered year.

IC 4-10-22-3 [EFFECTIVE UPON PASSAGE] – Provides that if the excess reserves are less than $50,000,000, the amount shall carry over to each subsequent year until the reserves exceed $50,000,000. If the excess reserves exceed $50,000,000 for FY 2011-2012, 50% of the reserves shall be transferred to the state police, conservation officers, judges, and prosecuting attorneys pension plans. For subsequent years, 50% of the excess shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic taxpayer refund.

IC 4-10-22-4 [EFFECTIVE UPON PASSAGE] – Provides that to qualify for the refund, the taxpayer must have filed an income tax return for the taxable year ending in the calendar year immediately preceding the calendar year in which a determination is made that the state has excess reserves, and the taxpayer must have adjusted gross income tax liability for the taxable year. The amount of the refund for each taxpayer is the total amount of excess reserves divided by the total number of taxpayers that qualify for a refund. The refund is a refundable credit. If an individual and the individual's spouse are both qualifying taxpayers for a taxably year and file a joint return for the taxable year, the individual and the individual's spouse are considered two taxpayers for purposes of determining the amount of the refund.

IC 5-13-6-1 [EFFECTIVE JULY 1, 2012] – Provides that the Department's district offices are not required to deposit funds on the business day following receipt if the funds on hand do not exceed $500. Current law requires a next day deposit if the funds exceed $100.

IC 36-8-16.6-5 [EFFECTIVE JULY, 1, 2012] – Provides that fees from the enhanced prepaid wireless charge will be deposited in the statewide 911 fund instead of the wireless emergency telephone system fund.

IC 36-8-16.6-11 [EFFECTIVE UPON PASSAGE] – Requires the statewide 911 board to increase the enhanced prepaid wireless charge on each retail transaction from $.25 to $.50 effective July 1, 2012.

IC 36-8-16.6-22 [EFFECTIVE UPON PASSAGE] – Repeals the sunset provision that applied to the enhanced prepaid wireless fee.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to review all state income tax credits during the 2012 and 2013 interim. The commission shall review the scope and purpose of the credit, credit limits, who qualifies, the types of activities on which the credit is based, the amount of credits granted over time, suggested changes in the law, and whether the credit should be retained.

NONCODE [EFFECTIVE JULY 1, 2012] – Requires the Commission on State Tax and Financing Policy to study issues related to whether the exemption for repair of foreign aircraft should apply to all aircraft and avionic devices.

NONCODE [EFFECTIVE JULY 1, 2012] – Urges an interim study committee to review the connection of the statewide voter registration list and files maintained by the Department.