

INDIANA DEPARTMENT OF REVENUE

# ANNUAL REPORT 2013



INDIANA DEPARTMENT OF REVENUE

# 2013 ANNUAL REPORT



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# LETTER FROM THE COMMISSIONER

Oct. 1, 2013

The Honorable Mike Pence  
Governor, State of Indiana  
State House, Room 206  
Indianapolis, Indiana 46204

Dear Governor Pence:

I'm pleased to forward the annual report of the Indiana Department of Revenue covering Fiscal Year 2013 (July 1, 2012 – June 30, 2013, hereinafter referred to as FY 2013), as required by Indiana law (IC 6-8.1-14).

During FY 2013, the department continued to focus on enhancing our service delivery, improving our controls and governance structure, increasing taxpayer compliance, and preparing our agency to deliver greater value to the State of Indiana. Here are some of our key accomplishments.

This year saw a significant increase in the filing and payment of taxes electronically. During the traditional filing season of January through April 2013, the department experienced a 6 percent increase in the filing of individual income tax returns, achieving an electronic filing rate of 79 percent. This allowed us to process returns faster than ever before, ensuring we get tax collections into the state treasury sooner, and appropriate refunds into Hoosier pocketbooks quicker to strengthen our economy. Speaking of refunds, during FY 2013 we returned nearly \$360 million to Hoosier taxpayers through the newly implemented automatic taxpayer refund program, further spurring local economies throughout the state.

During FY 2013, we implemented the mandatory electronic filing of sales and payroll withholding taxes by our business taxpayers. This resulted in the transition of an additional 45,000 business taxpayers to electronic filing, primarily using our INtax online platform, and increased our electronic business payments by 24 percent over the prior year. Electronic filing enhances the taxpayer experience while reducing the department's cost of processing paper filings and payments.

During FY 2013, the department worked closely with Deloitte & Touche to complete a Controls and Performance Audit. Their report validated the mitigation steps we implemented to address the specific problems we suffered during the prior year and also provided multiple observations and recommendations for the department to address to further strengthen our internal controls and pursue best-in-class performance. During FY 2013, we thoroughly reviewed their report and developed action plans that we began executing, and will continue to execute, over multiple years to achieve best in class status.

FY 2013 saw a significant increase in the department's collection of delinquent tax obligations. The department collected \$163 million in such taxes in FY 2013 compared to \$154 million in FY 2012. We also consolidated and strengthened our outside collection efforts, which will yield increased collection success going forward.

In FY 2013 the department moved the Returns Processing Center operations into a new facility that allowed the combination of our Return Processing Center, Motor Carrier Services, and the Indiana State Police Motor Carrier Division into a single building. Smaller and better organized than its predecessor, the new facility is more efficient and will save the department more than \$500,000 per year in operating costs, a savings of 26 percent from prior years.

Additionally, the Returns Processing Center completed processing timely individual paper income tax return filings on May 5, 2013, a full week earlier than the year prior.

Customer Service continues to be a priority at the department. Continuing our variable staffing model, we kept phones open for an hour longer each day during the traditional filing season to accommodate taxpayers.

In FY 2013, the department's Customer Interaction Center fielded more than 630,000 telephone calls – up 18 percent from FY 2012. In addition, the center managed nearly 100,000 additional contacts via email, letters, and walk-ins.

### **The Road Ahead**

As shared with you during the department's presentation of our Roadmap for Indiana – Moving from Good to Great, we are clearly focused on our strategic priorities that will guide us over the next several years. Specifically, our strategic priorities are 1) strengthen accuracy and reliability of processing and reporting systems, 2) improve tax filing and regulatory experience for small businesses, 3) improve taxpayer compliance yielding increased revenues and creating a level playing field for all taxpayers, and 4) prepare our people for sustained success.

We continue to execute action plans to address the observations and recommendations outlined in the Deloitte & Touch audit report. In addition, we are continually identifying and implementing best practices to improve our internal controls, technology platforms, and governance structures, which will provide long-term benefit. Our control and technology modernization changes continue to be important foundational building blocks for implementation of an integrated tax system in the future.

Enhancing our INtax online platform, working collaboratively with other state agencies to develop a "one stop shop" business registration portal, and reviewing our administrative regulations are examples of significant projects underway that will favorably impact businesses as they interact with the department. This is consistent with your "Cut the Red Tape" initiative, which enhances Indiana as a great place to start and operate a business.

New audit and data warehouse software systems and initiatives being implemented will allow us to more effectively identify noncompliant taxpayers so that we may direct our audit and collection attention to those parties. This will reduce the burden on those taxpayers paying their appropriate share and also increase revenues to the state. This allows the state to continue to fund its necessary services without having to increase tax rates.

Finally, the department has reorganized multiple groups within the organization; has recruited a number of outstanding individuals, particularly in our finance and information technology groups; and is actively addressing training and succession planning initiatives to address our challenges today and also to prepare for the future.

The activities outlined in this report reflect our continued commitment to moving the department from Good to Great! The measurement of our future success remains providing exceptional customer service, effectively administering and collecting tax revenues, and delivering reliable and useful financial information to better serve the State of Indiana and our taxpayers. Thank you for all the support you continue to provide.

Sincerely,



Michael J. Alley  
Commissioner  
Indiana Department of Revenue





# 2013 ANNUAL REPORT PART I

Part I of the Indiana Department of Revenue's FY 2013 annual report provides an overview of the key divisions that comprise the department. We also present key FY 2013 accomplishments and share our roadmap for future plans for each division.



MORTON

# QUALITY THAT COUNTS

The Indiana Department of Revenue remains committed to its pledge to provide *Quality That Counts*, which is defined as highly efficient and effective operation and decisions. This is the framework within which the department carries out its efforts to achieve its vision, live its mission, and accomplish its goals.

The department's efforts are guided by the following key components.

## MISSION

Administer tax laws and collect tax revenues in a fair, consistent, and efficient manner for Indiana taxpayers and provide accurate, timely, and reliable funding and information to state and local constituents.

## VISION

Using best practices, the Indiana Department of Revenue will continuously innovate to increase accuracy, efficiency, and productivity in all areas of departmental operations and tax administration earning respect, delivering value, and being a trusted source of information.

## STRATEGIC PRIORITIES

The following action steps have been identified to support the "[Roadmap for Indiana](#)" and migration from **Good to Great**:

### ***Strengthen Accuracy and Reliability of Processing and Reporting Systems***

The following action steps will strengthen the accuracy and reliability of our processing and reporting systems, yielding accurate, reliable information:

1. Implement enhanced governance and financial controls;
2. Address disaster recovery and business continuity deficiencies;
3. Enhance data security of taxpayer information.

(continued on page 10)





# QUALITY THAT COUNTS

(continued)

## ***Improve Tax Filing and Regulatory Experience for Small Business***

The following action steps will enhance the user experience for taxpayers and tax practitioners:

1. Transition antiquated business special tax software applications to new solutions;
2. Continue enhancement of INtax portal for improved experience for business taxpayers;
3. Improve BT-1 business registration experience and integrate into a “one stop shop” experience with collaboration among Department of Revenue, Secretary of State, Department of Workforce Development, and other relevant state agencies;
4. Continue to process filings accurately, efficiently, and timely.

## ***Improve Taxpayer Compliance Yielding Increased Tax Revenues***

The following action steps will improve taxpayer compliance yielding increased tax revenues, enhancing the state’s business-friendly environment, and ensuring equitable taxes for all individuals and businesses:

1. Complete transition to new collection agency;
2. Implement new audit selection and tracking software;
3. Perform database matching among state agencies;
4. Execute multiple third-party vendor compliance programs.

## ***Prepare Our People for Sustained Success***

The following action steps will ensure that we are providing our current leadership the tools they need and preparing our next generation of leadership for sustained success of the department:

1. Continue development of product councils;
2. Focus on personal development;
3. Enhance “soft-skill” training;
4. Develop leadership succession plans.

**OPERATIONS**

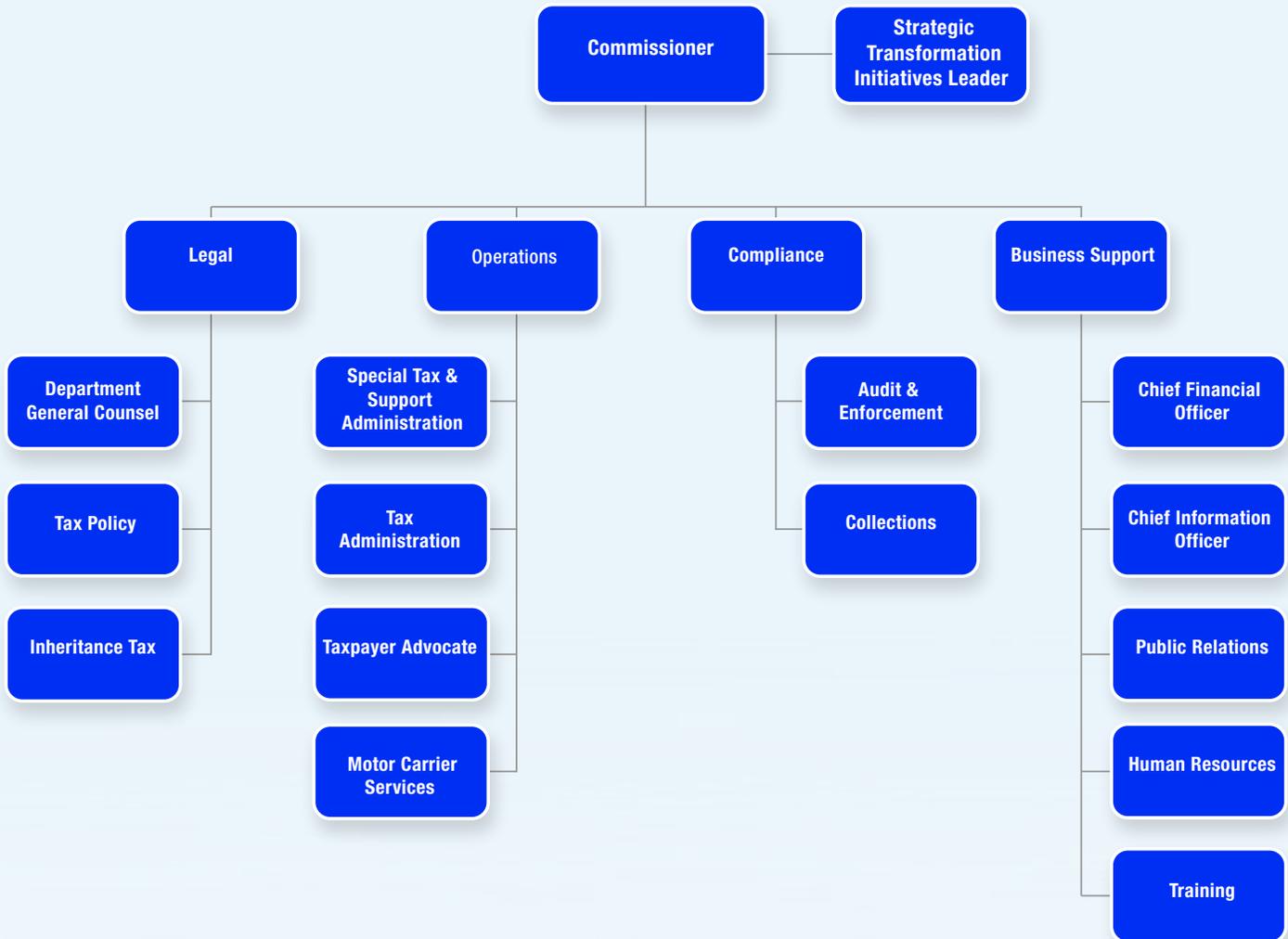
**COMPLIANCE**

**INDIANA  
DEPARTMENT OF  
REVENUE**

**BUSINESS  
SUPPORT**

**LEGAL &  
POLICY**

# DEPARTMENT ORGANIZATIONAL STRUCTURE



## QUALITY THAT COUNTS IN LEADERSHIP



From left to right: Mike Alley, Robert Dittmer, Milton Cuevas, Doug Klitzke, Aleta Jeffress, Bill Bahler, Tammy Jones, Asheesh Agarwal, Beverly Bridget, Ron Broughton, Jim Poe, Shane Corbin  
Inset: Michael Ashley and Matthew D. Donahue

**Commissioner Mike Alley** has served in this role since May 2012 after decades of experience in the banking industry. Alley previously served as president and CEO of Fifth Third Bank of Central Indiana in Indianapolis and interim chairman and CEO of Integra Bank Corporation in Evansville. Alley also is chairman and owner of Patriot Investments, LLC, a company he founded in 2002. In addition, he serves on a number of nonprofit boards, including the Indiana State University Foundation and the United Way of Central Indiana. Alley holds a bachelor's degree in accounting from Indiana State University and is a member of the Indiana CPA Society and the American Institute of CPAs.

**Director of Public Relations Robert Dittmer, APR**, has more than 40 years of experience in public relations, marketing, and management. He has served as the director of media relations for both a U.S. government organization with responsibilities for all of Europe, as well as for NATO with responsibilities for public information management worldwide. Dittmer has experience in public relations and advertising agencies, working with a wide variety of clients in both business-to-business and business-to-consumer arenas. He holds a bachelor's degree in communication from John Carroll University, a master's degree in communication from Marshall University, and accreditation from the Public Relations Society of America (PRSA).

**Deputy Director of Compliance Milton Cuevas** oversees the Collections Division, which is responsible for the collection of all delinquent taxes for the state. Before his post at the department, Cuevas spent several years in the chemical industry at ICOR International, Inc., holding positions including controller, chief financial officer, chief operating officer, and vice president. He also has private consulting group experience and was an auditor and assistant vice president for MetroBank in Indiana. Cuevas holds a bachelor's degree in accounting from the University of Mississippi.

**Deputy General Counsel Doug Klitzke** has been with the department since 2000, starting as a hearing officer in the Legal Division. Before obtaining a degree from the Valparaiso School of Law in 1998, Klitzke served as principal and teacher at an elementary and junior high school in Iron Ridge, Wis. While in law school, he served as associate editor of the Valparaiso University Law Review and participated in the Cambridge University Summer Law program.

**Chief Information Officer Aleta Jeffress** joined the department as CIO in July 2012 after a consulting assignment assisting the department with documenting processing and technology flows, identifying operational risks, and reviewing internal control mechanisms. Jeffress previously worked for the Department of Defense's Finance and Accounting Service. Her experience also includes being a vice president of software development for OneBridge, a company that does credit and debit card processing for credit unions, and the director of software at eTapestry, a provider of donor management software for not-for-profit companies. Jeffress earned her bachelor's degree in public and environmental affairs at Indiana University.

**Deputy Commissioner of Tax Administration Bill Bahler** brings to the department more than two decades of broad human resource experience in both public and private sector companies. After 27 years with Sears Roebuck in executive human resource and store management, Bahler branched out to hold vice president and senior-level HR positions at organizations such as American Water Company; Primetech, Inc.; H.H. Gregg Appliance, Inc.; and Sun TV and Appliances. He holds a bachelor's degree in industrial management from Purdue University.

**Taxpayer Advocate and Department Disclosure Officer Tammy Jones** has been with the department for more than 20 years. She previously served as a tax analyst and supervisor for the Taxpayer Advocate Office. Jones started her career in the department's Collections Division before moving to the Bankruptcy Division and briefly working in the Legal Division.

**General Counsel Asheesh Agarwal** brings strong legal and policy experience to the department, having been engaged in private sector practice and counsel with federal agencies in Washington, D.C., and involved in policy formulation at the state level. He earned his bachelor's degree from Northwestern University and his J.D. from the University of Chicago Law School.

**Director of Human Resources Beverly Bridget, CCP**, has been responsible for serving as a strategic partner with the executive team and managing HR for the department since 2007. Prior to joining the department, she worked at Methodist Medical Group for more than 13 years as the HR manager and HR director. Before entering the field of human resources, Bridget spent 13 years in the accounting/tax department of American States Insurance Company. She is currently certified as a Salary Administration Professional and Targeted Selection Administrator in addition to maintaining a Certified Compensation Professional (CCP) designation. Bridget is a member of Human Resources Association of Central Indiana (HRACI), Society for Human Resources Management (SHRM), and World at Work. She graduated from Indiana University with a bachelor's degree in human resources management and business management.

**Deputy Commissioner of Enforcement Ron Broughton, CPA**, has a background in public accounting, spending nine years with PriceWaterhouseCoopers. He also has broad experience in corporate finance, treasury, and executive management at Hurco, Conseco, and One America. His past positions at various businesses have paved a way to his successes. Immediately prior to joining the department, Broughton served as part of the senior leadership team with Metropolitan Indianapolis Public Broadcasting (WFYI). Broughton graduated from Indiana University with a bachelor's degree in business with an emphasis on accounting.

**Deputy Commissioner of Special Tax and Support Administration Jim Poe** joined the department in 1976. Prior to taking on the responsibility of deputy commissioner of Special Tax and Support Administration, Poe served as the administrator of the department's Motor Carrier Services Division. In February 2006, he was honored with one of the first Governor's Public Service Achievement Awards by former governor Mitch Daniels. Poe holds a bachelor's degree in business from Indiana State University.

**Deputy Director of Tax Policy Shane Corbin** has been with the department since 2008. Corbin previously served as a tax policy analyst but started in the department as a tax analyst in the Inheritance Tax Division before becoming an executive assistant to the commissioner. A two-time Indiana University – Purdue University Indianapolis graduate, Corbin holds a bachelor's degree in political science with high distinction and a J.D.

**Chief Financial Officer Michael Ashley** has more than three decades of experience in finance and general management, including various chief financial officer roles. He was the deputy director and CFO of the Indiana Department of Child Services during the time DCS moved the responsibility for child welfare financing from the counties to the state. Before joining DCS, Ashley was director of corporate finance and investment banking at Eli Lilly and Company from 1998 to 2006. He previously worked for Eli Lilly Japan as CFO and director of administration and strategy. He was also the CFO for Cardiac Pacemakers, Inc., and was controller at Physio Control Corp, both Lilly Medical Devices division companies. In all, he was at Eli Lilly for more than 29 years in various financial leadership positions. Ashley earned his bachelor's degree and MBA from UCLA.

**Strategic Transformation Initiatives Leader Matthew D. Donahue** comes to the department after a series of roles in the defense industry. Each job blended management, creativity, and information technology, and he has been part of successful teams that implemented many new technologies and process improvements. Examples of these implementations include information security programs, activity-based costing for government agencies, and fitting the workforce to the mission. Donahue started his path to being a change agent in the United States Army Special Operations. Currently, Donahue is president of Silvertree Grove Corporation. Donahue holds a master's of business administration (MBA) from the Krannert Executive Program at Purdue University.

## About the background:

Indiana limestone is the backdrop for the FY 2013 leadership team, symbolizing the solid foundations established in 2013 and the emphasis on high quality for the department's future. Indiana limestone is one of the highest quality quarried limestone in the United States. It has been used in the construction of the Empire State Building, the Pentagon, and the National Theatre.





**O**perations efficiently processes and posts tax filings in an accurate and timely manner. It further supports taxpayers by providing assistance in resolving taxpayer issues, both small and complex, and delivering excellent customer service. They provide expert knowledge about individual, corporate, business, and special taxes to Hoosier taxpayers.

The divisions in operations include:

**Tax Administration** – Manages all aspects of individual, corporate, and business taxes, including business and individual taxpayer customer service. Tax Administration strives to provide outstanding customer service to taxpayers in a cost-effective manner, including reducing duplication of effort and providing customer-friendly information and assistance to Indiana taxpayers.

**Special Tax and Support Administration** – Manages all special taxes and operates the Returns Processing Center. Special taxes include fuel, excise, and cigarette taxes that account for millions of dollars in tax revenue to the state. The Returns Processing Center ensures that all returns and payments are received, processed, and posted in a timely and accurate manner.

**Taxpayer Advocate** – Manages difficult tax issues requiring special attention when other departmental channels have been unable to resolve a tax matter. This section fulfills the legislatively mandated taxpayer advocate their tax responsibilities, works with taxpayers suffering financial hardships to fulfill obligations, and acts as the agency’s liaison with the Internal Revenue Service.

**Motor Carrier Services** – With Indiana supporting the largest fleet in the country, the Motor Carrier Services Division provides individualized support to commercial trucking companies. Provides guidance and service to motor carrier companies and commercial drivers through the administration of state and federal laws that govern the commercial use of Indiana’s roads. MCS oversees many areas that affect the commercial transportation industry, such as International Fuel Tax Agreement, International Registration Plan, oversize/overweight vehicle permitting, Unified Carrier Registration, and USDOT numbers.

# OPERATIONS

# REARVIEW MIRROR

The Department of Revenue continues to strive for improvements across the board in its operations. From training to customer service to electronic filing, the department has continually sought out new and better ways to provide *Quality That Counts* in all it does. Below is a snapshot of some of the key operations accomplishments in FY 2013.

**Indiana freefile** – Indiana continued to offer no-cost, online tax filing services to those who qualify through the Indiana freefile (INfreefile) program. In FY 2013, INfreefile brought free, professional tax services from seven major online tax preparers to many Indiana taxpayers from centralized Department of Revenue and IRS websites. Indiana taxpayers who qualified were able to file both federal and state taxes using sophisticated online tax filing services at no cost.



More than 119,000 taxpayers took advantage of this free online program. In addition, based on a survey of taxpayers using this service, 88 percent of those who used the program were satisfied and 95 percent would recommend the program to others.

**Implementing Legislation** – When legislation passes, the department must coordinate the activities of several divisions to implement and communicate the changes to the affected taxpayers. For example, when House Bill 1545 was signed into law May 13, 2013, it dramatically changed the taxation of aviation gas and jet fuel sales in Indiana for aircraft use with an effective date of July 1, 2013.

The department quickly formed a product council to support the initiative. With significant effort by multiple divisions, and directed by the Project Management Office, the department was able to seamlessly create the forms, systems infrastructure, and electronic taxpayer filing portals necessary to implement the aviation fuel excise tax by the effective date.

The department also conducted a significant taxpayer outreach campaign to educate taxpayers affected by HB 1545. With the assistance of the Public Relations division, the Special Tax Motor Fuel Section's staff informed taxpayers of the discontinuance of the sales tax and the implementation of the aviation fuel excise tax on aviation gas and jet fuel sales for aircraft use.

**Customer Service** – To provide more taxpayer access in 2013 during the individual income tax filing season, department hours were extended by an hour and a half each day Monday through Thursday. During the extended hours, the department handled an additional 10,100 incoming calls. From the Indianapolis office and district offices, the department assisted the following numbers of taxpayers in FY 2013:

- Telephone calls: 630,352
- Emails: 45,633
- Walk-ins: 12,969
- Incoming correspondence: 40,009

The department continued its improvement of the Customer Interaction Center (CIC) telephone system. In FY 2013, the department introduced many new features and improvements, including adding the Motor Carrier Services Division to the existing CIC telephone system. This completes the department's

integration of all call center operations into the CIC telephone system. The "ALL IN" program, which leverages the department's resources throughout the State of Indiana to ensure timely customer service, continues to grow. This program automatically transfers calls to available analysts throughout the CIC network.

To support the INtax outreach campaign, the CIC dialer functionality was used for the first time in FY 2013. This functionality allows the department to efficiently initiate outbound calls to taxpayers for a variety of purposes.

To increase accuracy in the management of taxpayer correspondence, electronic receipt of faxes through the CIC system was used for the first time in FY 2013. Rather than print to a traditional fax machine, the images are delivered to a secure exchange mailbox. This allows the correspondence to be reviewed by agents throughout the state and saves considerable costs.

**Taxpayer Advocacy** – The department's Taxpayer Advocate Office provides an avenue for the successful resolution of taxpayer problems that could not be resolved through normal channels. The advocacy office researches and resolves all hardships, offers-in-compromise, and taxpayer complaints. Through the programs offered and the assistance provided to taxpayers, the office was able to collect \$3,986,106 of outstanding tax liabilities, which was an increase of 9 percent over FY 2012. The Taxpayer Advocate Office also was able to respond to 96 percent of the written inquiries within 15 days of receipt and handled 94 percent of the calls to their office.

Moreover, this office assisted with the Automatic Taxpayer Refund Credit, which created some complex taxpayer challenges. The Taxpayer Advocate Office was the first point of contact for taxpayers with questions regarding the qualifications and possible denial of this credit. The department district offices and Tax Administration Division also played a vital role for taxpayers with questions about this credit.

The advocate also acted as the IRS liaison and was the point of contact with the IRS during the IRS Safeguard Audit during FY 2013. The IRS Safeguard Audit identified areas needing improvement and correction, which are being addressed. The department continues to enforce confidentiality and disclosure policies to protect both federal tax information and state tax information.

**Saving Taxpayer Money** – The department relocated to a new Returns Processing Center in AmeriPLEX Park during FY 2013 with no loss in services for taxpayers.

*The move cut state spending for these facilities by approximately \$500,000 per year, or 26 percent of current costs. Over the course of the 10-year lease, savings are projected at nearly \$4 million.*

The new building reduced the department's leased space in AmeriPLEX Park from 174,000 square feet to 98,000 square feet – a 44 percent reduction. This significant space savings resulted primarily from the department's adoption of document imaging technology, reducing the need for paper record storage while providing a secure digital format for all tax records. With the adoption of digital imaging, the amount of paper stored has been minimized and smaller facilities are used to fulfill the same function. The new facility also combined three state divisions under one roof: the department's Returns Processing Center, Motor Carrier Services Division, and the Indiana State Police Commercial Vehicle Enforcement Division.

## TAXPAYERS SERVED:

- Telephone calls: 630,352
- Emails: 45,633
- Walk-Ins: 12,969
- Correspondence: 40,009

**Tax Season Success** – The department’s imaging software has decreased the cost of processing a return as well as the amount of time it takes to process it.

*In 2008, the average cost of processing one return was about \$2. In 2013, that cost dropped to \$0.60, allowing the department to spend 25% less for contractual labor.*

The Returns Processing Center (RPC) completed processing of timely individual tax returns by May 5, a full week earlier than the previous year, setting a new record. RPC processed more than 600,000 individual paper returns during the 2013 tax season. In an effort to provide better quality control, new inspection procedures were implemented. The result was more efficient processing with fewer errors. The amount of data captured with imaging is four times the amount of data captured with older processes. The department focused on processing payment checks quickly and accurately, resulting in a six-fold reduction in the number of taxpayers claiming lost checks.

The department now has the ability to remotely capture nonremit individual and trust tax returns in district offices. Thus, taxpayers now can submit a return in any of the department’s 11 district offices. The returns are immediately processed and, if submitted by 1 p.m., are in the department’s processing system the next morning. This new capability speeds processing by up to four days.

**INtax** – New legislation effective Jan. 1, 2013, mandated all businesses collecting Indiana sales tax and withholding to file and pay those tax dollars electronically. A proactive outreach campaign during this fiscal year was conducted to register new and existing businesses subject to the new requirement. Increased taxpayer activity and the addition of new features to INtax have driven business payments up to \$5.6 billion in FY 2013 versus \$4.5 billion in FY 2012. As the result of a highly effective INtax outreach campaign, the number of new registered businesses increased significantly in FY 2013.

*INtax reached 75,591 registered businesses in FY 2013, which is an increase of 45,564 businesses compared to FY 2012.*

Using INtax, businesses can manage Indiana sales and withholding taxes, prepaid sales, metered pump sales, tire fees, and fuel taxes electronically. This free online application also provides businesses with 24/7 access to business tax records, allows businesses to file and pay online right up to the last deadline minute, and saves businesses the cost and work of mailing returns each month. In addition to business taxpayers using this program, tax practitioners also use INtax to better serve their Indiana business clients.



**Serving Motor Carriers** – The Motor Carrier Services (MCS) Division has made massive strides in increasing technology and better serving motor carriers who pass through this crossroads state.

- **360 SmartView Pilot** – This pilot program was launched in Indiana and allows stops at a scale station to be done quickly and efficiently. 360SmartView makes use of high-definition cameras to capture a truck’s DOT number and license plate numbers as it enters the inspection station. The program then uses those numbers to access information from more than 90 government databases to provide inspection officers with an instant, detailed record of the vehicle and carrier. This technology enables law enforcement to work with multiple state and federal agencies to

identify noncompliant carriers. This enhances enforcement officials ability to get bad trucks and unsafe drivers off the road.

- **UCR Mobile Application** – Motor carriers can now register and pay for their Unified Carrier Registration using their smart phone 24/7, 365 days a year. This mobile version also enables enforcement officers to verify the registration on the road anytime, anywhere. Since its launch in February 2013, more than 1,700 motor carriers have used it.
- **Overweight Commodity Permit Implementation** – Beginning May 1, 2013, the oversize/overweight (OSW) section started issuing this permit manually, and on May 31 the OSW online system was launched for carriers to begin ordering these permits electronically. The Overweight Commodity Permit can be obtained for divisible steel and agriculture loads. The ability to do this online decreases the wait time and ensures motor carriers are lawfully permitted to safely and appropriately proceed with business, making Indiana an even friendlier state for agriculture and businesses alike.
- **Fuel Tax System Implementation** – To comply with a new statute, the Motor Carrier Service Division has created an online Indiana Fuel Tax System. This system provides the ability to manage all transactions with MCS online in one place. To date, more than 10,000 Indiana motor carrier fuel tax license and International Fuel Tax Agreement carriers have used the online system.
- **National Unified Carrier Registration Portal** – In 2007, the State of Indiana was approved by the Unified Carrier Registration Board to provide an online system for use in the United States, Canada, and Mexico to use. This system gives carriers the ability to process their UCR payments at a single location. In FY 2013, Indiana was awarded another five-year contract to provide this service. Since 2011, the UCR system has provided the state more than \$1.7 million, which is used to enhance truck safety.

# Quality That Counts Award



**Christie Worden**

As part of the department's ongoing commitment to providing *Quality That Counts*, it recognizes employees throughout the year who exemplify quality performance, especially with an emphasis on minimizing errors, paying tremendous attention to detail, and saving taxpayer money. Senior Quality Assurance Analyst Christie Worden discovered that old tax accounts from 2008 and prior, which had not properly generated a bill. Worden's discovery of the unbilled accounts and her collaboration with others in the department resulted in approximately \$400,000 being billed.

"Christie is consistently considered a 'go-to' person within quality assurance," said Chief Information Officer Aleta Jeffress. "And participating in the resolution above and beyond her normal work responsibilities shows her dedication to the department. It is a true reflection of her strong work ethic."

# ROAD AHEAD

**Protecting Taxpayers** – Significant initiatives to further protect taxpayer information include:

- Annual training on unauthorized tax disclosure and the safeguarding of state and federal tax information
- An internal inspection of all department locations to ensure state and federal tax information is being safeguarded

**RPC Better Technology, Better Service** – The department has some of the best high-speed imaging technology in the country. As our improvements in efficiency have been leveraged, the opportunity to provide the benefits of this technology to other state agencies has arrived. Starting with imaging important documents for electronic archival and retrieval, RPC is working to establish a center of excellence for imaging. The goal is to engage other state agencies to provide low-cost imaging solutions for a variety of documents. RPC will provide a one-stop shop where documents are prepped, imaged, and electronically stored in a retrievable archive. That archive will provide users with instant access to vital information, enabling them to provide better customer service while lowering costs.

The department has begun working with key state agencies to register businesses in Indiana in a Business One Stop portal versus having the taxpayer go to multiple agencies and register in multiple applications.

The department will continue to upgrade its free online business INtax application to include electronic filing and remittance of the food and beverage tax, county innkeepers tax, and the gasoline use tax by the end of FY 2014.

**Increasing Special Tax Compliance** – The Special Tax Division plans to better serve taxpayers through restructuring and cross-training its employees, improving its technological and reporting systems, creating legacy procedures, and continuing to educate taxpayers about specialized taxes.

They will also increase compliance projects to identify delinquent filers.

**Improving Motor Carrier Services** – Because Indiana registers some of the largest truck fleets in the country, this division will continue to advance customer service through enhanced technology solutions and mobile applications to keep these trucks rolling.



INDIANA STATE ARCHIVES  
Indiana Commission on Public Records

1940-1941  
ET-40 W/O CHECKS  
-1822-1842  
Main Entry: 11-26-11  
Process Date: 11-26-11

ImageTrac 3exp

IBM L O

**C**ompliance plays a key role in the collection of state revenues by ensuring taxpayers accurately and completely report and submit their tax filings and payments.

The divisions in compliance include:

**Enforcement** – Performs and manages taxpayer audits, including field audits, desk audits, and out-of-state audits. Additionally, enforcement supervises the 11 district offices throughout the state.

**Collections** – Is responsible for the collection of all unsatisfied Indiana tax liabilities. The division provides taxpayers with information as well as multiple means for paying their tax liabilities. Additionally, the division manages relationships with county sheriffs and a third-party collection agency to assist with the collection of unsatisfied tax liabilities.

The department continues to place a high level of importance on the collection of all taxes due the state. Several factors drive this emphasis:

- Providing a fair, business-friendly environment for all Indiana taxpayers
- Maximizing revenue for each tax type defined by law
- Proper and consistent enforcement of Indiana tax code

The compliance team is tasked with the following responsibilities:

- Conducting special investigations
- Providing all taxpayers with an understanding of their tax liabilities
- Assisting taxpayers with arranging payments of tax liabilities due
- Identifying those taxpayers who are not complying with the state's tax laws and encouraging proper compliance as well as timely filing of returns and payments
- When necessary, engaging the assistance of county sheriffs and third-party collection agencies to collect unsatisfied tax liabilities
- Communicating with other Indiana state agencies and the IRS for the purpose of collecting taxes from taxpayers who have relationships with those agencies



# COMPLIANCE



# NOISE

# REARVIEW MIRROR

**Increased Enforcement Capability** – Although Indiana implemented the use of computer-based auditing tools many years ago, these tools have become increasingly outdated. With significant improvements available in the marketplace, the department selected a software solution in FY 2013. This software solution will substantially improve its enforcement capabilities immediately upon implementation.

During FY 2013, Indiana collected more than \$14.8 million in tax revenue through its Voluntary Disclosure Agreement (VDA) program. The program allows previously noncompliant taxpayers to voluntarily become compliant by filing prior years' tax returns and paying related taxes without penalty or interest. This brings noncompliant taxpayers into compliance, thereby generating future revenue.

**Increased Efficiency in Collections** – During FY 2013, the Collections Division reorganized to align collections activities based on function. This effort promotes greater efficiency and effective use of state assets in the collection of unsatisfied tax liabilities. It also provides taxpayers with easier access when they need assistance with tax matters.

*In FY 2012, all collection activities netted approximately \$154 million, but in 2013 that figure increased to **\$163 million**.*

This increase was the result of several factors including:

- Inbound Collection increased its efforts in providing taxpayers with the most thorough and complete answers to their questions.
- Outbound Collection totals increased from \$56 million in 2012 to \$76 million in 2013 as a result of the reorganization that enabled management to better assign and direct staff to pursue collection activities, which generated the greatest results.

# ROAD AHEAD

## Improving Taxpayer Compliance – Creating a Level Playing Field

As compliance looks to the future, four areas of concentration will lead to greater compliance and collection.

- Transition completely to a single collection agency
- Implement new audit selection and tracking software
- Perform database matching among state agencies
- Execute multiple third-party vendor compliance programs

Research indicates that about 10 percent of individual taxpayers simply do not file a return. The department will draw upon third-party vendors who have expansive databases that will help identify those individuals so the department can contact them to encourage their compliance.

Investment in additional staff resources, investment in third-party statistical and compliance tools, and increased database information matching among Indiana state agencies will meaningfully improve the rate of compliance and increase tax revenues for the state. The department's goal is to permanently convert noncompliant taxpayers into compliant ones going forward, thus reducing the burden on all Hoosiers and ensuring individuals and businesses operate on a level playing field.

The Enforcement Audit Division will implement computer-based auditing technology that will substantially improve its enforcement capabilities. This system will provide a more robust identification of individual non-filers using a broad spectrum of databases, including real property records, W-2s, 1099s, etc. This system also will make the management of business audits more efficient because it will integrate audit selection, audit procedures, audit workpapers, assessment reports, and billings all in one system.



**B**usiness support provides critical infrastructure and supporting services for the department. By managing department funds, employees, technology, communications, and training, business support facilitates and ensures the department operates efficiently.

The divisions in business support include:

**Finance** – Manages budgeting and accounting, cashiering, electronic funds transfer, procurement, internal audit, and financial planning and analysis. Other responsibilities include depositing tax revenues, preparing reports, and conducting all related banking functions.

**Human Resources** – Manages all employment issues, recruitment, and succession planning. Additionally, human resources administers wellness programs, payroll and benefits, and labor relations, in coordination with the State Personnel Department.

**Information Technology (IT)** – Manages department information technology platforms and applications including programming, hardware, and software, and oversees disaster recovery planning. Additionally, IT provides technology solutions, such as upgrades to the state’s returns processing system and various online tools.

**Public Relations** – Manages all internal and external communications, community outreach and education, market research, and all tax form and tax booklet development and publication.

**Training** – Develops the specific job skill materials and competency validation methods to enhance accuracy and quality of work as well as the soft skill training such as personal accountability that teaches employees to deliver exceptional customer service both internally and externally.



# BUSINESS SUPPORT



# SUPPORT

# REARVIEW MIRROR

**Department-wide Support** – The department has developed and implemented multiple working platforms to enhance communication decision making and accuracy. The Leadership Council is comprised of 14 senior leaders and meets every two weeks to share updates and progress on key priorities. The Strategic Operations Committee is comprised of the top divisional leaders and meets on a weekly basis. This group initiates and reviews all strategic initiatives considered by the department and approves interdivisional activities and strategic initiatives to ensure the department focuses on only initiatives that drive the department’s priorities, best-in-class capability, and economic engine. Additionally, a leadership group meets monthly to review operational results, including agency revenue, expenses, and performance metrics.



The department also has implemented a series of Product Councils that bring together experts from across the department with specific tax type or process knowledge to develop and strengthen the department’s institutional knowledge. The department has sought to inculcate all these working groups with the culture of teamwork and pursuit of a higher level of performance for the overall department. The senior leadership team has increased its interaction and communication with the department through enhanced visibility by routinely visiting the department’s district offices and Returns Processing Center and sending weekly email messages from the commissioner to all employees. These forums have also sought and received feedback from employees about departmental operations and activities.

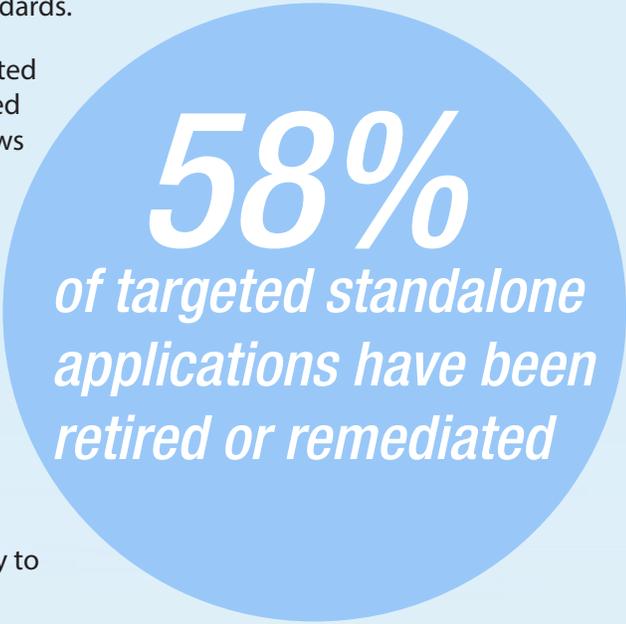
**Financial Management** – In FY 2013, the finance and accounting section was focused on identifying and correcting inaccurate accounting records, as well as processes and procedures within the department. A major priority was the development of tools to help the department avoid the kinds of large-scale errors that occurred the prior year. The Finance Division began the effort by bringing to the department finance experts with experience in financial and accounting controls and analysis. The international consulting firm of Deloitte and Touche conducted an independent audit of the agency. The division has implemented and documented a multitude of processes and procedures that address the majority of the control issues identified by the finance and accounting team and in the Deloitte audit. The division built on this foundation to develop sophisticated analytical tools that enable the department to more effectively and efficiently review the more than 400 accounts the division oversees and to automate the processing of thousands of journal entries that have historically been transcribed manually from core individual and business tax programs to the PeopleSoft accounting system.

**Information Technology** – Information technology is an area that often changes to meet new challenges and adapts to support new technology and methodologies. As a result of the Deloitte and Touche audit, as well as other independent assessments, the IT Division (ITD) saw many changes and adaptations in FY 2013.

ITD focused on two key areas: staffing and modernization. Audit recommendations suggested additional staff with core competencies in a number of areas. The division has added several Certified Information Systems Security Professionals (CISSPs), which is the premier certification for data security. These staff members' experience in risk management will be invaluable as the department proceeds.

ITD saw a change in key leadership with the hiring of a new chief information officer. Within ITD, a Project Management Office (PMO) has been created and fully staffed, including a PMO director experienced in disaster recovery, project management, and business analysis. This team has already successfully established best practice methodologies to support planning, executing, and completing projects. A Security Office, led by a new chief information security officer, is in the process of reviewing and strengthening internal controls and security practices to better align with federal government requirements and industry standards.

Technology can become outdated very quickly. The Deloitte audit noted several applications within the department that should be modernized for support and security reasons. The department continuously reviews a list of applications targeted for replacement or retirement, and in FY 2013, 58 percent of those applications have been retired or remediated. A large project is the modernization of the application used to manage enforcement activities now in process. Finally, the department has retired many legacy standalone systems or updated standalone systems to keep them secure and operational until they can be replaced with an enterprise solution. To date, the department has retired or mitigated 45 standalone systems. This is more than one-third of the systems the department identified while working with the Deloitte audit team. This project also includes the upgrade of the department data warehouse to provide additional reporting and data collection capabilities. This drives the state's ability to improve taxpayer compliance.



**58%**  
*of targeted standalone  
applications have been  
retired or remediated*

**Taxpayer Services and Education** – Providing valuable information and education is a priority for the Public Relations Division. Each year the department seeks taxpayer feedback as a primary means of discerning taxpayer education and information needs through surveys, focus groups, web feedback, social media forums, email, and the department's annual public hearing in June.

Working with various divisions and external partners, the division provides many services and education opportunities to the public:

- **Social media outreach** – The department continues to use Facebook and Twitter as a means to reach out to individual and business taxpayers as well as organizations interested in tax updates, general information, and special tax news. In addition, these tools allow the public to submit general questions, feedback, and comments for consideration. In FY 2013, Facebook fans increased by 23 percent while Twitter followers increased 13 percent. In addition to the social media sites, the department hosts a Tax Talk blog, which has more than 2,000 subscribers.
  - [www.facebook.com](http://www.facebook.com)
  - [www.twitter.com/INDeptofRevenue](http://www.twitter.com/INDeptofRevenue)
  - [www.in.gov/dor/3877.htm](http://www.in.gov/dor/3877.htm) (Tax Talk blog)

- **Latino outreach** – The department has continued to expand its Latino outreach by hosting a department Spanish-language website with key tax information, writing articles for a bilingual state-wide media publication, translating selected forms and tax booklets into Spanish, and having bilingual employees available to provide assistance to Spanish-speaking taxpayers.
- **Workshops/seminars** – The department conducted more than 60 workshops and seminars throughout the year for various segments of the public, including several seminars offered to the tax schools of Indiana University and Purdue University. This was in addition to providing information and tax-training handbooks to Volunteer Income Tax Assistance volunteers and AARP Tax-Aide, which provide free tax preparation for disabled and low- to moderate-income taxpayers.
- **Professional groups** – The department increased its efforts to conduct presentations and meet on a regular basis with several professional groups. This includes speaking at their conferences and attending workshops to address specific issues. These groups include the Indiana Certified Public Accountants Society, Legal Bar Association, IRS symposiums, Association of Professional Accountants, chambers of commerce, manufacturing associations, hotel hospitality associations, agricultural associations, and many others.
- **Video library** – The Public Relations Division developed a video library on the department website, which provides taxpayers step-by-step instructions and information on a variety of topics. Fifteen videos were created and produced that cover important topics for both individual and business taxpayers. These include information about INtax, INfreefile, refunds, extension of time to file, and how to avoid refund delays.
- **External publications** – The Public Relations Division, with the help of other divisions, creates and publishes two external publications: *BizTax* and *Tax Dispatch* (illustrated on page 30).
  - *BizTax* launched in the 3rd quarter FY 2013 helps businesses better understand Indiana tax laws, the tax-filing process, and the services the department offers. In each issue, the department provides businesses with information about business taxes, special taxes, legislative changes, tax deadlines, the best way to stay connected, and more.
  - *Tax Dispatch* is a publication for tax practitioners to learn about the most up-to-date legislation changes and other tips and techniques.
- **Saving taxpayer money with outreach** – Through rigorous outreach efforts, the department has been able to save millions of taxpayer dollars in printing and postage costs the last fiscal year. For example, when the business e-mandate went into effect, the department made it a priority to reach out to businesses so they were compliant. A key advantage to assisting businesses to convert to electronically filing of their sales and withholding taxes was to save taxpayers and the department thousands of dollars per year. The cost of printing paper coupons for all monthly filers is approximately \$38,000 per six-month period (the coupons are sent twice per year). The cost of postage for the coupons is \$65,000 per six-month period. The department recently sent coupons to only those businesses that had received an exemption. The department paid a total of \$115 for printing and \$762 for postage in July 2013.

*That is a taxpayer savings of about \$102,000 per six-month period and more than \$200,000 per year.*
- **Correspondence** – New processes are in place for the evaluation and creation of all external correspondence to more effectively communicate with taxpayers. Thus far, an inventory has been conducted to evaluate all tax administration correspondence. One-third of all department correspondence has been reviewed and extensively edited to address clarity concerns reflected in the Deloitte audit.



## Video Library - Refunds

Indiana Department of  
REVENUE



**Refunds Introduction**  
Click on the video start button to begin. Click links below to view additional chapters.

### Additional Refund Chapters

- [Where's My Refund?](#)
- [How do I get a replacement for a lost check?](#)
- [Is there a time period for when I may claim a refund?](#)

 iNTAX	 iNTAX TUTORIALS	 IN freefile	 REFUND	 EXTENSION OF TIME TO FILE
<a href="#">iNTAX</a>	<a href="#">View all iNTAX tutorials</a>	<a href="#">iNTAX</a>	<a href="#">Refunds</a>	<a href="#">Extension of Time to File</a>
 3 REASONS TO AVOID REFUND DELAYS	 COMING SOON	 COMING SOON	 COMING SOON	 COMING SOON
<a href="#">Avoid refund delays</a>	<a href="#">Get tax return copies</a>	<a href="#">Estimated tax</a>	<a href="#">How to report gambling</a>	<a href="#">1099s</a>
 COMING SOON				
<a href="#">Students</a>				

**Training** – During FY 2013 the Training and Development Division provided training and materials in the following areas:

**Continuing Education: Agency-Wide Training**

Sexual Harassment Training	683
Ethics Training	37
Protection/Security of Confidential Information Training – Covered unauthorized tax disclosure	730
Personal Accountability – The importance of personal accountability to organizational success	150
Department Foundation Course in Personal Accountability and Customer Service – Covered basic customer service concepts, including how to best serve taxpayers with special needs	35

**Supervisory/Management Training**

Coaching Skills for Managers – Equipped managers and supervisors with the skills necessary to coach their employees more effectively	9
Introduction to Supervision Training – Subjects included an overview of the leadership role, time management, delegation, effective meetings, quality, problem-solving, and more	17
Enrolling Employees in PeopleSoft – Instructed supervisors and managers how to enroll employees into training in PeopleSoft	109

**All-Level, Skills-Based, Computer-Based Training**

Specialist Systems and Software Application Training – Demonstrated and assessed competency for a task in the department’s special software applications	130
Travel Planning – Reviewed the department’s preferred way to effectively plan and book travel	150
SharePoint Training – Demonstrated how to navigate, access documents, add documents, and edit documents on SharePoint	81

## All-Level Soft-Skill Training

A total of 81 employees involved in product councils completed the soft-skill training:

- *The Art of Listening* – This course discusses common barriers to listening in the workplace, distinguishes passive listening versus active listening, and teaches some active listening techniques.
- *Collaborative Culture Workshops* – The department aims to succeed as an organization. This training prepares employees to collaborate in defining and redefining where necessary how the department will achieve its mission.
- *Productive Meetings* – In this training, employees learn how to plan and lead effective meetings.
- *Importance of Feedback* – This course discusses the importance of feedback in relation to employee motivation, affirmation, correction, and giving effective feedback.

## Training for Other Agencies

During FY 2013, the department's Training Division continued to provide training to various other agencies on behalf of the State Personnel Department. This training covered customer service skills, personal accountability, and effective communication. 785 state employees were trained in these subjects. This division also initiated and coordinated a new collaborative network of multiagency training personnel to allow training materials, assistance, and expertise to be shared between agencies.

## Tutorials Training for Both Taxpayers and Employees

The Training Division worked with Public Relations, ITD, and Tax Administration to create video tutorials so taxpayers and department employees can learn how to use INtax. The tutorials included training on registering for INtax, filing sales and withholding returns, maintaining user rights, making payments, registering for electronic filing transfer, viewing and sending messages, and filing a Annual Withholding Tax Form (WH-3).

# Quality That Counts Award



**Jeff Raney**

As part of the department's ongoing commitment to providing *Quality That Counts*, it recognizes employees throughout the year who exemplify quality performance, especially with an emphasis on minimizing errors, paying tremendous attention to detail and saving taxpayer money. When the department's statistician retired at the end of 2010, Hearing Officer Jeff Raney stepped up and took over those duties for the Tax Policy Division, while still performing his everyday duties for the Legal Division.

Taking on the responsibilities of the statistician meant Raney had to make time to formulate and calculate the appropriate revenue distributions for certified technology parks, community revitalization enhancement districts, and professional sports development areas; ensure that those distributions occurred in a timely fashion; and maintain all the records related to those distributions.

He also played an integral part in the local option income tax process-mapping project and provided important information for the Controls and Performance Audit report by Deloitte and Touche. "Raney's willingness to learn another job and perform its tasks while still doing his own job earned him a much-deserved *Quality That Counts* Award," said Deputy Director of Tax Policy Shane Corbin.

# ROAD AHEAD

**Financial Management** – The division continues to enhance its internal audit function with increased staffing, formal risk assessment processes, and greater oversight and structure. The division expects to have the new team and processes fully operational in early FY 2014. At that same time, the division will complete the automation of the accounting for journal entries that represent approximately 90 percent of the revenue that flows from our tax system into the accounting system.

**Information Technology** – During the next year, the IT Division will continue to focus on strengthening staff, and modernizing technology and security. Modernization efforts include replacements for multiple legacy systems, including the department's audit management software. These projects include three phases focused on taxpayer compliance, audit case management, and replacing three special tax systems. Upon completion, the department will be increasingly effective in its ability to identify taxpayers who are out of compliance and will be able to manage the process to move them into compliance. These phases are scheduled to be completed by the end of FY 2014.

Security continues to be a high priority, and the development of a Security Office demonstrates the importance of this effort. A chief information security officer (CISO) was hired in August 2013, along with other positions designed to assess the department's security policies and procedures, and implementations on an ongoing basis. A new baseline for security standards will continue to be established based on federal guidelines.

**Taxpayer Service and Education** – Providing valuable services and education will continue to be a priority for the Public Relations Division. Each year the department seeks taxpayer feedback as a primary means of discerning taxpayer education and information needs. The department will seek taxpayer input through surveys, focus groups, web feedback, social media forums, email, and the department's annual public meeting on June 3, 2014.

The Public Relations Division, working with various divisions and external partners, will provide many services and education opportunities to the public:

- **Social media outreach** – The department will continue to enhance its presence on social media by increasing its engagement on Facebook and Twitter.
- **Video library** – The Public Relations Division will continue to develop the current video library on the department website, which provides individual and business taxpayers step-by-step instructions and/or information on important tax topics. Seven additional taxpayer videos will be launched in FY 2014.
- **Correspondence project** – The Public Relations Division will continue to review all department correspondence to provide taxpayers improved and effective information, while lowering the department's printing costs. In addition, an effective and secure electronic communication solution is being implemented.

- **Business outreach** – The Public Relations Division will establish an outreach effort to educate small and new businesses about tax-related issues. Collaborating with business-related organizations, the division will increase the number of educational opportunities for Indiana businesses by 50 percent in FY 2014.
- **Other outreach programs** – The Public Relations Division, with the help of other divisions, will continue to create and publish external publications, handbooks, and information that will further educate Hoosier taxpayers.

**Training and Human Resources** – The following strategic priorities will ensure the department is providing current leadership the tools they need and preparing the next generation of leadership for the sustained success of the department:

1. Continue development of Product Councils
2. Focus on personal development training
3. Enhance soft-skill training for supervisors
4. Assist with leadership succession plans



**T**he Legal and Policy Section serves taxpayers by advising legislators and other government offices about tax legislation, providing an independent interpretation of tax laws and audit assessments, and addressing the legal affairs of the department.

The divisions in legal and policy include:

**Legal** – The Legal Division provides taxpayers an independent administrative review of tax assessments and refund requests. The division assists individual and business taxpayers in resolving tax liabilities after the taxpayers’ routine administrative remedies have been exhausted. In addition, the Legal Division advises the rest of the department on matters of regulatory and statutory interpretation. Finally, partnering with the Attorney General’s Tax Section, the Legal Division advises and assists in litigation.

**Tax Policy** – The Tax Policy Division serves as the department’s liaison to the Indiana General Assembly, including attending and testifying before legislative committees and assisting the Legislative Services Agency in the evaluation of fiscal impact statements for proposed tax-related legislation. The division also interprets, evaluates, formulates, compiles, and disseminates tax law, policies, and procedures to taxpayers, practitioners, county officials, state legislators, other state agencies, and other members of the administration. Additionally, the Tax Policy Division provides written guidance in the form of advisory opinions and rulings to taxpayers and practitioners. The division also formulates, compiles, and disseminates revenue and tax data and analysis to county and state officials. The division also meets with industry representatives and others to discuss specific tax-related issues and projects.

**Inheritance** – The Inheritance Tax Division reviews inheritance tax returns and ensures compliance with Indiana’s inheritance tax laws and regulations. The division also receives inheritance taxes collected by county treasurers and the department. The division ensures all taxes collected are accurate, reports the taxes collected, and deposits them in the state’s general fund.



# LEGAL & POLICY



**CY**

# REARVIEW MIRROR

**Addressed Tax Issues and Protests** – During FY 2013, the Legal Division received 785 protests, an increase of approximately 3 percent over the previous year. During FY 2013, the division resolved 733 taxpayer protests after having conducted informal administrative reviews and issuing written opinions addressing the legal and factual issues in dispute in each protest.

In FY 2013, the division collaborated with the Attorney General's Tax Section in ongoing litigation of 132 tax court cases in which the Department of Revenue was a named party, up 6 percent from FY 2012. The Legal Division also represented the department's interest in bankruptcy cases and provided regular legal assistance to the department's other divisions.

**Issued Policy Guidance** – During FY 2013, the Tax Policy Division partnered with affected industries and practitioners to simplify the department's existing documents and develop comprehensive guidance on issues important to taxpayers. In response to specific requests from tax professionals, the division revised numerous existing information bulletins, commissioner's directives, and departmental notices.

Further simplification of existing guidance was achieved through the administrative rules review project, the first phase of which was completed in FY 2013. The project resulted in the repeal of outdated or erroneous sections of the department's administrative code. The Tax Policy Division worked closely with professional tax preparers and practitioners on this project.

The Tax Policy Division also worked with industry and taxpayer representatives in the ongoing creation of a new hotel transaction matrix, as well as a comprehensive agricultural production information bulletin.

**Processed Inheritance Tax Returns** – The Inheritance Tax Division processed and audited approximately 11,000 files in FY 2013. Since 2010, the Inheritance Tax Division has reduced the number of files in litigation from 150 to 34 at the end of this past fiscal year. The division collected approximately \$165 million in inheritance taxes during FY 2013.



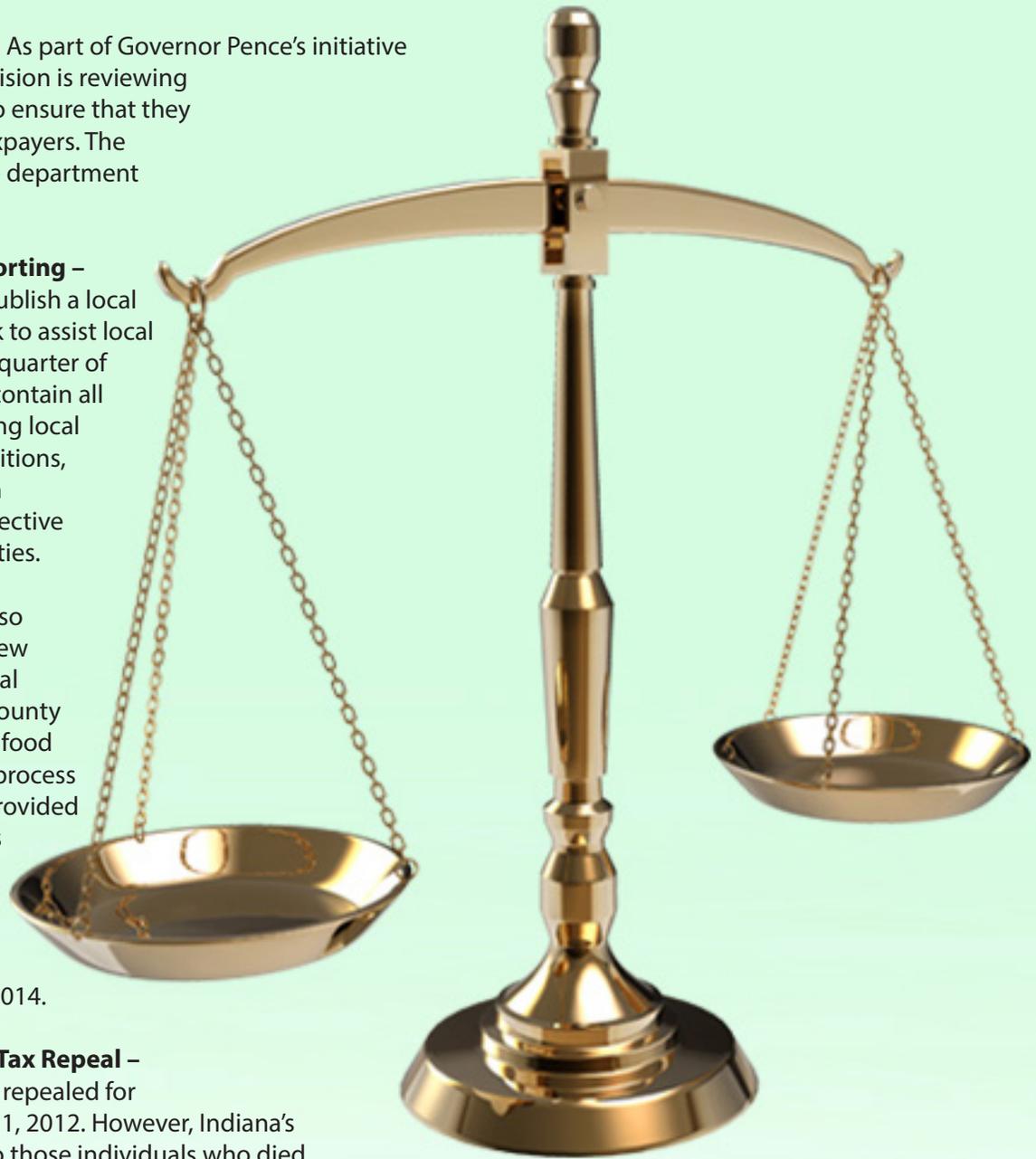
# ROAD AHEAD

**Streamlining Regulations** – As part of Governor Pence’s initiative to cut red tape, the Legal Division is reviewing all department regulations to ensure that they provide clear guidance to taxpayers. The division will repeal or update department regulations as necessary.

**Improving County Tax Reporting** – The Tax Policy Division will publish a local option income tax handbook to assist local and state officials in the 2nd quarter of FY 2014. The handbook will contain all relevant information regarding local county taxes, including definitions, statutory authority, adoption information, and rate and effective date information for all counties.

The Tax Policy Division has also begun a comprehensive review and validation project for local county taxes, as well as the county innkeeper’s tax (CIT) and the food and beverage (FAB) tax. The process involves verifying tax rates provided in local ordinances, as well as identifying all applicable statutory provisions. The projected completion date for the review and validation project is 2nd quarter of FY 2014.

**Implementing Inheritance Tax Repeal** – Indiana’s inheritance tax was repealed for individuals dying after Dec. 31, 2012. However, Indiana’s inheritance tax still applies to those individuals who died prior to Jan. 1, 2013. The Inheritance Tax Division will continue to process returns and collect tax for those who died prior to Jan. 1, 2013. This work will continue in FY 2014 but then will begin to significantly decrease as inheritance tax returns are timely filed.





## 2013 ANNUAL REPORT PART II

Part II of the annual report provides the Taxpayer Bill of Rights, Indiana tax descriptions and receipts, audit's statistical study, and audit exhibits. Moreover, it also includes a summary of FY 2013 legislative changes affecting the Indiana Department of Revenue and information on how a taxpayer may contact the department.

# TAXPAYER BILL OF RIGHTS

## PUBLIC LAW 332-1989

All Indiana taxpayers have certain rights and responsibilities under Indiana tax law.



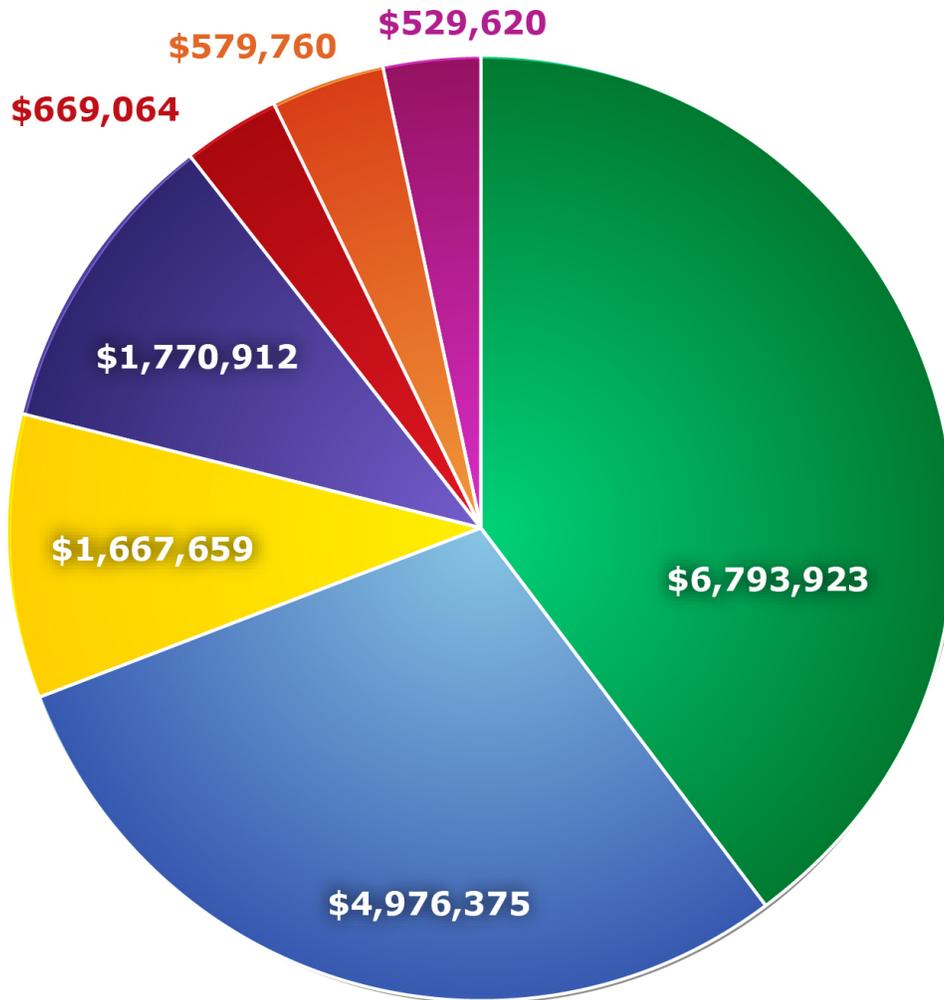
The Taxpayer Bill of Rights sets forth these rights and responsibilities for Indiana taxpayers:

- I. Quality taxpayer service
- II. Taxpayer advocate to help taxpayers in the preservation of their rights
- III. Taxpayer education and information
- IV. A fair collection process
- V. Appointed hearing time and representation
- VI. Demand notices
- VII. Warrants for collection of tax
- VIII. Judgment liens against property
- IX. Annual public hearing
- X. Taxpayer responsibilities

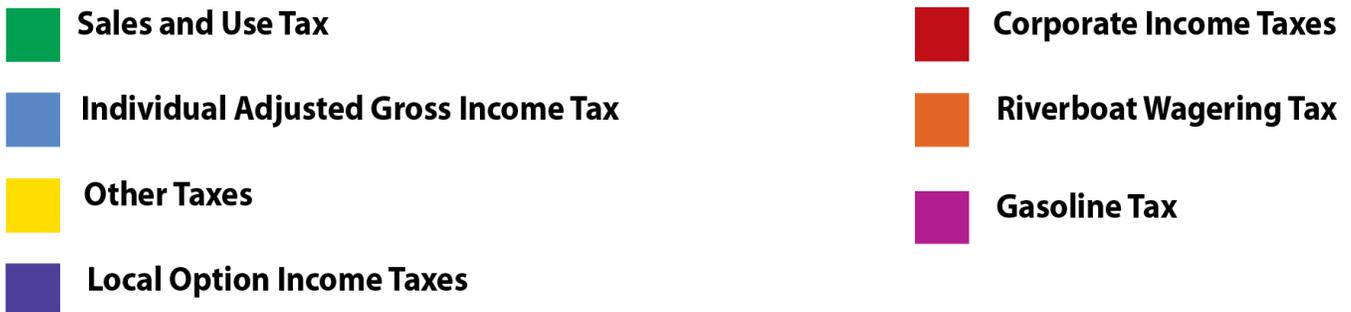
The complete Taxpayer Bill of Rights can be found at [www.in.gov/dor/3660.htm](http://www.in.gov/dor/3660.htm).

# SUMMARY OF FISCAL YEAR 2013 TAX RECEIPTS

In FY 2013, the Indiana Department of Revenue collected almost \$17 billion representing 44 active tax types.



Total: \$16,987,312  
(Total Receipts in Thousands)



# INDIANA TAX DESCRIPTIONS AND RECEIPTS

*All amounts are in thousands.*

*Percentage change reflects increase from FY 2012 to FY 2013 unless otherwise indicated. Significant differences reflected in the tax receipts for FY06 may be due to Indiana Tax Amnesty.*

## Aircraft License Excise Tax

Excise tax, due at the time of registration, is determined by weight, age, and type of aircraft. All excise tax is distributed to the county where the aircraft is usually located when not in use.

FY03	\$ 649.7	FY07	\$ 580.1	FY11	\$ 517.7
FY04	\$ 641.8	FY08	\$ 617.9	<b>FY12</b>	<b>\$ 577.9</b>
FY05	\$ 753.4	FY09	\$ 539.4	<b>FY13</b>	<b>\$ 445.2</b>
FY06	\$ 592.6	FY10	\$ 509.9	<b>CHANGE</b>	<b>-23%</b>

## Alcoholic Beverage Tax

Per gallon rates are as follows: beer, \$0.115; liquor/wine (21 percent alcohol or more), \$2.68; wine (less than 21 percent alcohol), \$0.47; mixed beverages (14 percent or less), \$0.47.

FY03	\$ 37,678.6	FY07	\$ 39,704.3	FY11	\$ 43,935.4
FY04	\$ 38,509.2	FY08	\$ 44,707.8	<b>FY12</b>	<b>\$ 44,154.2</b>
FY05	\$ 38,719.4	FY09	\$ 43,497.9	<b>FY13</b>	<b>\$ 45,053.8</b>
FY06	\$ 40,529.6	FY10	\$ 40,143.3	<b>CHANGE</b>	<b>2%</b>

## Auto Rental Excise Tax

A tax based on the gross retail income from the rental of a vehicle weighing less than 11,000 pounds for less than a 30-day period at a rate of 4 percent.

FY03	\$ 9,500.9	FY07	\$ 9,727.3	FY11	\$ 10,459.6
FY04	\$ 8,940.9	FY08	\$ 10,478	<b>FY12</b>	<b>\$ 11,184.1</b>
FY05	\$ 8,840.8	FY09	\$ 10,117.7	<b>FY13</b>	<b>\$ 10,563.2</b>
FY06	\$ 9,889.1	FY10	\$ 9,483.2	<b>CHANGE</b>	<b>-6%</b>

## Charity Gaming Excise Tax

A tax based on the sale of pull tabs, punchboards, and tip boards to qualified organizations licensed for charity gaming at a rate of 10 percent of the wholesale price. It's remitted by the licensed distributor or manufacturer (not the organization).

FY03	\$ 1,311.9	FY07	\$ 1,428.7	FY11	\$ 1,276.4
FY04	\$ 1,231.5	FY08	\$ 1,250.4	<b>FY12</b>	<b>\$ 1,229.8</b>
FY05	\$ 1,244.4	FY09	\$ 1,401.4	<b>FY13</b>	<b>\$ 1,146.0</b>
FY06	\$ 1,384.4	FY10	\$ 1,250.1	<b>CHANGE</b>	<b>-7%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10 percent of the price paid by the retailer that purchases the games. The entity distributing the pull tabs, punchboards, or tip boards is liable for the tax.

FY03	-----	FY07	-----	FY11	\$ 396.9
FY04	-----	FY08	-----	<b>FY12</b>	<b>\$ 390.4</b>
FY05	-----	FY09	\$ 285.10	<b>FY13</b>	<b>\$ 416.5</b>
FY06	-----	FY10	\$ 354.1	<b>CHANGE</b>	<b>7%</b>

## Cigarette/Other Tobacco Tax

Tax is levied against cartons or packs of cigarettes and cigarette papers, wrappers, and tubes at the following rates: pack of 20 cigarettes, \$0.995; pack of 25 cigarettes, \$1.24375; other tobacco products, 24 percent of wholesale price.

FY03	\$ 352,375.1	FY07	\$ 367,632.4	FY11	\$ 478,612.9
FY04	\$ 338,715.7	FY08	\$ 525,282.4	<b>FY12</b>	<b>\$ 456,170.5</b>
FY05	\$ 343,077.9	FY09	\$ 505,724.0	<b>FY13</b>	<b>\$ 461,636.8</b>
FY06	\$ 355,525.0	FY10	\$ 482,042.6	<b>CHANGE</b>	<b>1%</b>

## Corporate Adjusted Gross Income Tax

The adjusted gross income tax was increased from 3.4 percent to 8.5 percent on Jan. 1, 2003. Beginning July 1, 2012, the rate reduces by 0.5 percent per year until July 1, 2015, when the rate will be 6.5 percent.

FY03	\$ 307,178.8	FY07	\$ 751,123.5	FY11	\$ 625,961.9
FY04	\$ 443,078.0	FY08	\$ 690,792.3	<b>FY12</b>	<b>\$ 700,296.1</b>
FY05	\$ 608,370.0	FY09	\$ 597,544.1	<b>FY13</b>	<b>\$ 669,063.9</b>
FY06	\$ 796,118.2	FY10	\$ 428,347.0	<b>CHANGE</b>	<b>-4%</b>

## County Adjusted Gross Income Tax (CAGIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county that imposes the tax. Rates vary. (A county may adopt either the County Adjusted Gross Income Tax or the County Option Income Tax, but not both.)

FY03	\$ 321,835.7	FY07	\$ 428,978.0	FY11	\$ 473,890.8
FY04	\$ 343,586.3	FY08	\$ 440,191.1	<b>FY12</b>	<b>\$ 511,663.3</b>
FY05	\$ 338,871.6	FY09	\$ 497,681.9	<b>FY13</b>	<b>\$ 529,134.8</b>
FY06	\$ 388,450.7	FY10	\$ 528,167.2	<b>CHANGE</b>	<b>3%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## County Economic Development Income Tax (CEDIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county that imposes the tax. Rates vary.

FY03	\$ 146,937.1	FY07	\$ 254,053.8	FY11	\$ 257,756.2
FY04	\$ 172,682.2	FY08	\$ 257,289.3	<b>FY12</b>	<b>\$ 272,408.7</b>
FY05	\$ 159,007.6	FY09	\$ 294,876.5	<b>FY13</b>	<b>\$ 279,006.7</b>
FY06	\$ 238,804.3	FY10	\$ 293,441.5	<b>CHANGE</b>	<b>2%</b>

## County Innkeepers Tax (CIT)

Tax determined locally on the gross income derived from lodging income. Tax may be collected either by the department or locally through the county treasurer's office.

FY03	\$ 24,043.4	FY07	\$ 37,940.7	FY11	\$ 42,443.9
FY04	\$ 24,410.5	FY08	\$ 42,488.7	<b>FY12</b>	<b>\$ 49,261.0</b>
FY05	\$ 26,120.3	FY09	\$ 37,554.3	<b>FY13</b>	<b>\$ 49,585.7</b>
FY06	\$ 36,357.7	FY10	\$ 37,596.2	<b>CHANGE</b>	<b>1%</b>

## County Option Income Tax (COIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county that imposes the tax. Rates vary. (A county may adopt the County Option Income Tax or the County Adjusted Gross Income Tax, but not both.)

FY03	\$ 463,054.0	FY07	\$ 524,919.6	FY11	\$ 695,221.6
FY04	\$ 424,603.1	FY08	\$ 664,023.6	<b>FY12</b>	<b>\$ 739,869.9</b>
FY05	\$ 401,887.5	FY09	\$ 791,217.4	<b>FY13</b>	<b>\$ 754,692.9</b>
FY06	\$ 492,320.2	FY10	\$ 779,635.6	<b>CHANGE</b>	<b>2%</b>

## LOIT Reserve

In FY 2013, individual tax revenue was transferred into the local option tax reserve to provide a first layer of protection when the economy declines.

FY03	-----	FY07	-----	FY11	-----
FY04	-----	FY08	-----	<b>FY12</b>	-----
FY05	-----	FY09	-----	<b>FY13</b>	<b>\$ 208,077.6</b>
FY06	-----	FY10	-----	<b>CHANGE</b>	<b>N/A</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Estate Tax

A tax based on the difference between the state death tax credit allowed at the federal level and the amount paid in state inheritance tax. Federal estate tax credit for state calculations was phased out in 2005, resulting in the reduction in Indiana estate tax paid. Subsequent year amounts represent adjustments to returns filed in 2005 and before.

FY03	\$ 32,264.5	FY07	\$ (32.2)	FY11	\$ 10.8
FY04	\$ 7,732.4	FY08	\$ 62.6	<b>FY12</b>	<b>\$ 0.0</b>
FY05	\$ 2,085.2	FY09	\$ 0.0	<b>FY13</b>	<b>\$ 0.0</b>
FY06	\$ (68.5)	FY10	\$ 16.7	<b>CHANGE</b>	<b>0%</b>

## Financial Institutions Tax

A tax based on the federal adjusted gross income at a rate of 8.5 percent for businesses that are engaged in extending credit, leasing (when it is the economic equivalent of extending credit), or credit card operations.

FY03	\$ 123,443.2*	FY07	\$ 76,355.5	FY11	\$ 55,575.7*
FY04	\$ 79,607.9*	FY08	\$ 64,063.3*	<b>FY12</b>	<b>\$ 94,212.1</b>
FY05	\$ 91,977.4*	FY09	\$ 99,034.3*	<b>FY13</b>	<b>\$ 112,521.2</b>
FY06	\$ 87,229.6*	FY10	\$ 71,225.4*	<b>CHANGE</b>	<b>19%</b>

\* Note: Fiscal Years 2003-2011 were restated to reflect past-period material accounting adjustments made during FY 2013.

## Food and Beverage Tax

Tax determined locally for purchases of food and beverages for immediate consumption at a rate of 1 percent of retail sales price. Marion County's rate is 2 percent. An additional 1 percent is allowed for units adopting under IC 6-9-35 for a combined rate of 2 percent.

FY03	\$ 27,842.3	FY07	\$ 62,596.3	FY11	\$ 67,435.3
FY04	\$ 29,550.2	FY08	\$ 63,975.7	<b>FY12</b>	<b>\$ 71,699.3</b>
FY05	\$ 30,370.8	FY09	\$ 61,282.40	<b>FY13</b>	<b>\$ 73,732.0</b>
FY06	\$ 54,266.2	FY10	\$ 64,803.5	<b>CHANGE</b>	<b>3%</b>

## Gasoline Tax

The gasoline tax is \$0.18 per gallon for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

FY03	\$ 518,295.6	FY07	\$ 570,628.7	FY11	\$ 543,037.9
FY04	\$ 582,610.7	FY08	\$ 554,041.4	<b>FY12</b>	<b>\$ 534,704.5</b>
FY05	\$ 579,675.0	FY09	\$ 535,851.3	<b>FY13</b>	<b>\$ 529,619.8</b>
FY06	\$ 570,490.2	FY10	\$ 540,317.9	<b>CHANGE</b>	<b>-1%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Hazardous Waste Disposal Tax

A tax based on the amount of hazardous waste placed in a disposal facility or by means of underground injection at a rate of \$11.50 per ton, paid by the operator of the disposal facility.

FY03	\$ 1,122.6	FY07	\$ 2,251.2	FY11	\$ 1,023.8
FY04	\$ 1,219.2	FY08	\$ 1,378.0	<b>FY12</b>	<b>\$ 1,252.3</b>
FY05	\$ 3,281.3	FY09	\$ 1,088.6	<b>FY13</b>	<b>\$ 1,188.9</b>
FY06	\$ 3,178.9	FY10	\$ 794.6	<b>CHANGE</b>	<b>-5%</b>

## Individual Adjusted Gross Income Tax

Individuals are taxed on federal adjusted gross income with numerous adjustments for individual residents, partners, stockholders in S corporations, trusts, estates, and nonresidents with Indiana income sources at a rate of 3.4 percent.

FY03	\$ 3,649,262.0*	FY07	\$ 4,584,471.6*	FY11	\$ 4,592,628.2*
FY04	\$ 3,811,846.5*	FY08	\$ 4,832,337.5*	<b>FY12</b>	<b>\$ 4,765,466.5</b>
FY05	\$ 4,217,129.0*	FY09	\$ 4,311,620.8*	<b>FY13</b>	<b>\$ 4,976,375.2</b>
FY06	\$ 4,384,283.8*	FY10	\$ 3,870,300.1*	<b>CHANGE</b>	<b>4%</b>

\*Note: Fiscal Years 2003-2011 were restated to reflect past-period material accounting adjustments made during FY 2013.

## Inheritance Tax

Tax is based on the taxpayer class (transferee's relationship to deceased), property's taxable value, residency status, and location of real and tangible property and intangible property. Effective Jan. 1, 2013, the inheritance tax was repealed.

FY03	\$ 165,710.5	FY07	\$ 150,322.2	FY11	\$ 148,664.0
FY04	\$ 132,262.8	FY08	\$ 165,518.7	<b>FY12</b>	<b>\$ 176,026.5</b>
FY05	\$ 150,315.5	FY09	\$ 185,661.3	<b>FY13</b>	<b>\$ 165,478.4</b>
FY06	\$ 148,976.6	FY10	\$ 133,173.1	<b>CHANGE</b>	<b>-6%</b>

## Marion County Admissions Tax

Specific to Lucas Oil Stadium, the Indiana Convention Center, Victory Field, and Bankers Life Fieldhouse in Indianapolis for any event at a rate of 6 percent (10 percent after March 1, 2013) of the admission price (does not include events sponsored by educational institutions, religious or charitable organizations).

FY03	\$ 4,457.0	FY07	\$ 6,689.6	FY11	\$ 7,144.0
FY04	\$ 5,041.8	FY08	\$ 6,491.9	<b>FY12</b>	<b>\$ 6,606.9</b>
FY05	\$ 5,212.6	FY09	\$ 7,017.00	<b>FY13</b>	<b>\$ 8,259.4</b>
FY06	\$ 6,273.3	FY10	\$ 7,598.7	<b>CHANGE</b>	<b>25%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Marion County Supplemental Auto Rental Excise Tax

A tax based on the gross retail income from the rental of a motor vehicle or truck in Marion County weighing less than 11,000 pounds for less than a 30-day period at a rate of 4 percent (6 percent after March 1, 2013). Revenue from the tax is paid to the Capital Improvement Board of Managers.

FY03	\$ 1,772.5	FY07	\$ 4,126.0	FY11	\$ 4,136.3
FY04	\$ 1,827.3	FY08	\$ 4,599.9	<b>FY12</b>	<b>\$ 4,127.1</b>
FY05	\$ 1,941.3	FY09	\$ 3,929.7	<b>FY13</b>	<b>\$ 4,997.3</b>
FY06	\$ 3,319.7	FY10	\$ 3,831.1	<b>CHANGE</b>	<b>21%</b>

## Motor Carrier Fuel Tax

The per-gallon rate is \$0.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY03	\$ 5,186.2	FY07	\$ 3,295.0	FY11	\$ 1,624.4
FY04	\$ 6,759.4	FY08	\$ 1,395.2	<b>FY12</b>	<b>\$ 903.6</b>
FY05	\$ 6,034.3	FY09	\$ 1,827.4	<b>FY13</b>	<b>\$ 835.7</b>
FY06	\$ 3,481.2	FY10	\$ 2,063.7	<b>CHANGE</b>	<b>-8%</b>

## Motor Carrier Surcharge Tax

The per-gallon rate is \$0.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY03	\$ 79,540.8	FY07	\$ 100,613.0	FY11	\$ 87,739.0
FY04	\$ 85,343.2	FY08	\$ 91,756.8	<b>FY12</b>	<b>\$ 87,046.2</b>
FY05	\$ 84,280.2	FY09	\$ 87,798.6	<b>FY13</b>	<b>\$ 94,228.2</b>
FY06	\$ 91,040.2	FY10	\$ 76,875.6	<b>CHANGE</b>	<b>8%</b>

## Motor Vehicle Excise Tax

Specific compliance program authorized by statute is aimed at locating vehicles owned by Indiana residents and registered illegally out of state, thus avoiding state vehicle excise tax. It is based on the age and class of vehicle, plus penalty and interest for the time period vehicle is illegally registered. (Except for this program, the motor vehicle excise tax is otherwise collected by the Bureau of Motor Vehicles.)

FY03	\$ 10.9	FY07	\$ 31.3	FY11	\$ 3.9
FY04	\$ 11.2	FY08	\$ 9.9	<b>FY12</b>	<b>\$ 1.1</b>
FY05	\$ 148.6	FY09	\$ 3.30	<b>FY13</b>	<b>\$ 6.2</b>
FY06	\$ 175.1	FY10	\$ 2.4	<b>CHANGE</b>	<b>461%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Pari-Mutuel Wagering Tax

A 2-percent levy is imposed on the total amount of money wagered on live races and simulcasts conducted at a permit holder's racetrack. The tax is 2.5 percent of the total amount of money wagered on simulcasts from satellite facilities.

FY03	\$ 3,744.8	FY07	\$ 4,188.3	FY11	\$ 2,985.2
FY04	\$ 4,154.2	FY08	\$ 4,077.0	<b>FY12</b>	<b>\$ 2,614.6</b>
FY05	\$ 4,515.1	FY09	\$ 3,623.3	<b>FY13</b>	<b>\$ 2,156.8</b>
FY06	\$ 4,398.8	FY10	\$ 4,909.0	<b>CHANGE</b>	<b>-18%</b>

## Petroleum Severance Tax

A tax levied against producers or owners of crude oil or natural gas and imposed at the time these products are removed from the ground at a rate equal to the greater of either 1 percent of the petroleum value, or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

FY03	\$ 517.2	FY07	\$ 1,153.2	FY11	\$ 1,825.4
FY04	\$ 557.5	FY08	\$ 1,680.4	<b>FY12</b>	<b>\$ 2,211.6</b>
FY05	\$ 928.8	FY09	\$ 1,475.3	<b>FY13</b>	<b>\$ 2,421.3</b>
FY06	\$ 1,161.4	FY10	\$ 1,425.7	<b>CHANGE</b>	<b>9%</b>

## Public Utility Tax (Railroad Car Companies/Railroads)

A tax based on assessments by the Indiana Department of Local Government Finance on the indefinite location distributable property of a railroad company that provides service within a commuter transportation district.

FY03	\$ 5,815.5	FY07	\$ 4,540.8	FY11	\$ 5,164.3
FY04	\$ 3,596.9	FY08	\$ 5,250.4	<b>FY12</b>	<b>\$ 6,176.7</b>
FY05	\$ 3,281.8	FY09	\$ 5,397.2	<b>FY13</b>	<b>\$ 6,803.9</b>
FY06	\$ 4,255.1	FY10	\$ 4,485.3	<b>CHANGE</b>	<b>10%</b>

## Riverboat Admissions Tax

A tax imposed on a person or organization that holds an owner's license for riverboat gambling operations at a rate of \$3 per person admitted.

FY03	\$ 80,553.4	FY07	\$ 83,758.3	FY11	\$ 77,227.1
FY04	\$ 80,684.6	FY08	\$ 79,837.4	<b>FY12</b>	<b>\$ 74,709.1</b>
FY05	\$ 80,926.2	FY09	\$ 78,859.5	<b>FY13</b>	<b>\$ 66,721.2</b>
FY06	\$ 81,095.2	FY10	\$ 81,479.4	<b>CHANGE</b>	<b>-11%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5 percent is levied against its adjusted gross receipts (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15 percent to 40 percent, depending on the amount of adjusted gross receipts.

FY03	\$ 586,437.0	FY07	\$ 763,913.0	FY11	\$ 656,934.6
FY04	\$ 679,482.9	FY08	\$ 730,404.4	<b>FY12</b>	<b>\$ 630,712.0</b>
FY05	\$ 709,573.2	FY09	\$ 688,230.0	<b>FY13</b>	<b>\$ 579,759.5</b>
FY06	\$ 718,082.3	FY10	\$ 678,127.0	<b>CHANGE</b>	<b>-8%</b>

## Sales and Use Tax

A tax imposed on retail transactions collected at the retail level at a rate of 7 percent on the purchase or rental of tangible personal property, accommodations, public utility service, and other services per IC 6-2.5-4.

FY03	\$ 4,209,940.4*	FY07	\$ 5,421,322.0*	FY11	\$ 6,265,193.6*
FY04	\$ 4,758,915.0*	FY08	\$ 5,734,720.2*	<b>FY12</b>	<b>\$ 6,631,953.0</b>
FY05	\$ 5,000,411.5*	FY09	\$ 6,200,908.6*	<b>FY13</b>	<b>\$ 6,793,922.5</b>
FY06	\$ 5,336,582.7*	FY10	\$ 5,958,915.7*	<b>CHANGE</b>	<b>2%</b>

\* Note: Fiscal Years 2003-2011 were restated to reflect past-period material accounting adjustments made during FY 2013.

## Special Fuel Tax

A license tax of \$0.16 per gallon is imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles.

FY03	\$ 172,712.6	FY07	\$ 196,209.4	FY11	\$ 178,161.8
FY04	\$ 183,826.1	FY08	\$ 199,688.4	<b>FY12</b>	<b>\$ 183,742.0</b>
FY05	\$ 193,127.5	FY09	\$ 162,777.4	<b>FY13</b>	<b>\$ 166,051.0</b>
FY06	\$ 196,812.7	FY10	\$ 167,332.1	<b>CHANGE</b>	<b>-10%</b>

## Utility Receipts Tax

An imposed tax of 1.4-percent on gross receipts from retail utility sales. (Note: Fiscal Year 2003 figures include only one-half of a fiscal year.)

FY03	\$ 75,907.7	FY07	\$ 200,305.0	FY11	\$ 199,072.3
FY04	\$ 167,401.1	FY08	\$ 215,332.6	<b>FY12</b>	<b>\$ 201,016.9</b>
FY05	\$ 170,814.6	FY09	\$ 230,661.00	<b>FY13</b>	<b>\$ 215,468.0</b>
FY06	\$ 206,380.1	FY10	\$ 190,494.7	<b>CHANGE</b>	<b>7%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Utility Services Use Tax

The utility services use tax is an excise tax imposed on the retail consumption of utility services in Indiana. The rate is 1.4 percent and is imposed if the utility service provider is not subject to the utility receipts tax.

FY03	-----	FY07	\$ 9,405.8	FY11	\$ 9,495.6
FY04	-----	FY08	\$ 12,917.7	<b>FY12</b>	<b>\$ 9,264.9</b>
FY05	-----	FY09	\$ 13,944.2	<b>FY13</b>	<b>\$ 8,743.6</b>
FY06	-----	FY10	\$ 8,492.6	<b>CHANGE</b>	<b>-6%</b>

## Miscellaneous Fees:

### Aircraft Registration Fee

All Indiana aircraft are required to be registered with the aeronautics section of the Tax Administration Division, where an annual \$10 registration/transfer fee is collected. An additional fee of \$20 or 20 percent (whichever is greater) of any unpaid excise tax is charged on all late registrations. There is also an annual aircraft dealers fee of \$25.

FY03	\$ 76.5	FY07	\$ 74.8	FY11	\$ 74.6
FY04	\$ 75.1	FY08	\$ 87.0	<b>FY12</b>	<b>\$ 77.0</b>
FY05	\$ 100.5	FY09	\$ 78.6	<b>FY13</b>	<b>\$ 73.2</b>
FY06	\$ 76.9	FY10	\$ 74.1	<b>CHANGE</b>	<b>-5%</b>

### Employment Agency Licensing Fee

A person, firm or, corporation opening, operating, or maintaining an employment agency must pay an annual \$150 fee for each license.

FY03	\$ 49.7	FY07	\$ 42.5	FY11	\$ 24.8
FY04	\$ 43.8	FY08	\$ 39.6	<b>FY12</b>	<b>\$ 28.1</b>
FY05	\$ 51.5	FY09	\$ 38.70	<b>FY13</b>	<b>\$ 33.8</b>
FY06	\$ 35.4	FY10	\$ 30.5	<b>CHANGE</b>	<b>20%</b>

### Enhanced Prepaid Wireless Telecommunication Fee

Fee collected by seller of prepaid wireless telecommunication service to another person. The fee is \$0.50 per retail transaction and supports wireless 911 service.\*

FY03	-----	FY07	-----	FY11	\$ 2,098.4
FY04	-----	FY08	-----	<b>FY12</b>	<b>\$ 2,357.2</b>
FY05	-----	FY09	-----	<b>FY13</b>	<b>\$ 4,769.2</b>
FY06	-----	FY10	-----	<b>CHANGE</b>	<b>102%</b>

\* Note: The fee was \$0.25 per retail transaction in FY11 and FY12.

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Fireworks Public Safety Fee

A fee of 5 percent of the retail price of fireworks sold in Indiana.

FY03	-----	FY07	\$ 2,434.5	FY11	\$ 2,578.9
FY04	-----	FY08	\$ 2,558.7	<b>FY12</b>	<b>\$ 2,540.2</b>
FY05	-----	FY09	\$ 2,493.6	<b>FY13</b>	<b>\$ 1,524.2</b>
FY06	-----	FY10	\$ 2,405.3	<b>CHANGE</b>	<b>-40%</b>

## Hazardous Chemical Fee

An annual fee is imposed on a facility that must submit to the state an emergency and hazardous chemical inventory form. Fees are \$50, \$100, or \$200, depending on the volume of hazardous chemicals present at the facility during the year.

FY03	\$ 581.7	FY07	\$ 513.8	FY11	\$ 511.0
FY04	\$ 662.0	FY08	\$ 564.2	<b>FY12</b>	<b>\$ 483.8</b>
FY05	\$ 689.3	FY09	\$ 544.1	<b>FY13</b>	<b>\$ 512.9</b>
FY06	\$ 588.5	FY10	\$ 364.3	<b>CHANGE</b>	<b>6%</b>

## International Registration Plan (IRP) Licensing Fee

Licensing fee for motor carriers based on miles driven in specific jurisdictions.

FY03	\$ 82,395.1	FY07	\$ 87,799.9	FY11	\$ 89,598.7
FY04	\$ 86,454.0	FY08	\$ 90,181.2	<b>FY12</b>	<b>\$ 91,289.4</b>
FY05	\$ 95,593.6	FY09	\$ 84,782.4	<b>FY13</b>	<b>\$ 93,387.9</b>
FY06	\$ 88,147.4	FY10	\$ 83,148.2	<b>CHANGE</b>	<b>2%</b>

## Oversize /Overweight Permit Fee

Various categories of permits for motor carriers are issued for different periods of time, based upon a vehicle's specific dimension and/or size and the travel activity. Fees can range from \$10 to more than \$400.

FY03	\$ 11,041.1	FY07	\$ 10,907.3	FY11	\$ 13,391.9
FY04	\$ 11,498.9	FY08	\$ 15,475.1	<b>FY12</b>	<b>\$ 15,922.4</b>
FY05	\$ 12,090.5	FY09	\$ 13,377.1	<b>FY13</b>	<b>\$ 15,969.6</b>
FY06	\$ 13,001.5	FY10	\$ 12,367.1	<b>CHANGE</b>	<b>0%</b>

# INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

## Solid Waste Management Fee

A fee imposed on the disposal or incineration of solid waste in a final disposal facility within the state at a rate of \$0.50 per ton of waste generated in the state minus the fee actually charged for the disposal or incineration of the solid waste by the owner or operator of the final disposal facility.

FY03	\$ 4,002.8	FY07	\$ 5,207.0	FY11	\$ 5,195.5
FY04	\$ 4,358.6	FY08	\$ 4,858.6	<b>FY12</b>	<b>\$ 5,464.5</b>
FY05	\$ 5,173.2	FY09	\$ 5,073.2	<b>FY13</b>	<b>\$ 5,326.8</b>
FY06	\$ 5,309.8	FY10	\$ 5,093.9	<b>CHANGE</b>	<b>-3%</b>

## Underground Storage Tank Fee

An annual fee of \$200 per tank is imposed on owners of underground storage tanks. In addition, there is an annual registration fee of \$90 for each underground petroleum storage tank, and \$45 for each underground storage tank containing regulated substances other than petroleum.

FY03	\$ 35,992.1	FY07	\$ 51,212.5	FY11	\$ 47,449.9
FY04	\$ 32,065.1	FY08	\$ 52,990.7	<b>FY12</b>	<b>\$ 49,236.4</b>
FY05	\$ 29,396.5	FY09	\$ 50,883.00	<b>FY13</b>	<b>\$ 46,238.4</b>
FY06	\$ 50,454.5	FY10	\$ 48,091.4	<b>CHANGE</b>	<b>-6%</b>

## Waste Tire Management Fee

A \$0.25 tire fee is assessed on each new tire sold at the retail level and each new tire mounted on a vehicle at the time a vehicle is sold. It is imposed on tires for self-propelled motor vehicles only.

FY03	\$ 1,079.3	FY07	\$ 1,768.2	FY11	\$ 1,352.8
FY04	\$ 1,612.0	FY08	\$ 1,512.8	<b>FY12</b>	<b>\$ 1,364.4</b>
FY05	\$ 1,860.0	FY09	\$ 1,516.9	<b>FY13</b>	<b>\$ 1,362.5</b>
FY06	\$ 1,261.4	FY10	\$ 1,347.5	<b>CHANGE</b>	<b>0%</b>

# AUDIT DIVISION STATISTICAL STUDY

The Audit Division Statistical Study addresses the requirements set forth by [IC 6-8.1-14-4 \(2\)](#). The information is based on 100 percent of the audits completed and taxpayers assisted during FY 2013.

The following information includes

- Amounts of tax assessed, [p. 56](#)
- Industries/businesses most frequently in violation, [p. 57](#)
- Number of years in the audit period, [p. 58](#)
- Index of exhibits and charts, [p. 59](#)
- Taxpayers served in district offices, [p. 60](#)
- Sales/use tax violations, [p. 62](#)
- Adjusted gross income and financial institutions tax violations, [p. 69](#)
- Special tax violations, [p. 74](#)
- Miscellaneous code violations, [p. 77](#)

## Taxpayers Served in District Offices

Taxpayer assistance is available in all 11 district offices. Each office has taxpayer assistance staff who provide taxpayer-service functions.

The “Taxpayer Assistance Report by District Office” ([Exhibit A](#)) provides the number of taxpayers assisted (in person and by telephone) and the amount of money collected and assessed in each office through the taxpayer-assistance program. [Exhibit A](#) reveals that during FY 2013, district offices served 243,480 taxpayers.

### What Indiana Taxpayers Have to Say

“The auditor [Nicci M.] was excellent in every way. I appreciated her input and clarifying certain regulations in order that I might become more efficient in administering and learn from the process. Very approachable.”

— Sue J.

## Sales/Use Tax Violations

Audit assessments for Indiana sales/use tax typically occur in a few main areas. Use tax is due on any purchases of personal property stored, used, or consumed in Indiana if sales tax was not paid at the time of the purchase and no valid exemption applies. In FY 2013, general use tax rule violations [[45 IAC 2.2-3](#)] accounted for approximately \$15.4 million in audit adjustments.

Often, the department determines that use tax is due from business taxpayers who erroneously believe an exemption from sales/use tax should apply. This is especially true of manufacturers and processors, who gain various exemptions from Indiana sales/use tax under [45 IAC 2.2-5](#) (primarily section 8).

Indiana retail merchants are required to collect sales tax on all sales of personal property unless the buyer offers proof of exemption.

## Adjusted Gross Income and Financial Institutions Tax Violations

Individuals and regular corporations are liable for adjusted gross income tax. Financial institutions are subject to financial institutions tax (FIT), which is computed in much the same way a corporation computes its adjusted gross income tax. During FY 2013, the statute or regulation that yielded the largest corporate adjusted gross income tax adjustments was [IC 6-3-2-2](#). This rule provides for the apportionment of adjusted gross income or allocation of income among members of affiliated groups. Adjustments made under this statute totaled approximately \$21.9 million this fiscal year.

## Special Taxes

Field auditors assigned to these special tax audits perform audits not only for Indiana, but often for many other jurisdictions when examining reports for the International Fuel System (IFTA) and the International Registration Plan (IRP). Special tax auditors also audit a variety of excise taxes: cigarette, other tobacco products (OTP), beer and wine excise tax, and other fuel excise taxes. This group recently conducted several audits on cigarette and other tobacco product, prompted by an increased risk of noncompliance in this area and the industry’s general lack of consistency in reporting. As a result, the largest adjustments to tax dollars in the special tax area are attributed to cigarette and OTP tax due from Indiana distributors, required by [IC 6-7-1](#) and [IC 6-7-2](#). Adjustments made under these statutes totaled approximately \$1.6 million this fiscal year.

## Amounts of Tax Assessed

Exhibits [C](#), [D](#), [E](#), and [F](#) display the amount of assessments (refunds) of the sales tax, adjusted gross income tax, special tax, and miscellaneous tax respectively. “Total assessments” for any tax type represent gross assessments less amounts refunded.

The amount assessed or refunded for each of the most frequent violations and the percentage of the amount to total net assessments are as follows:

**Sales/Use Tax – Exhibit C:**

	Amount Assessed	Percentage of All Assessments
45 IAC 2.2-3-4	\$8,851,701	19%
45 IAC 2.2-5-8	\$7,889,380	17%
45 IAC 2.2-6-8	\$6,388,152	13%

**Adjusted Gross Income and Financial Institutions Tax – Exhibit D:**

	Amount Assessed	Percentage of All Assessments
IC 6-3-2-2	\$21,867,947	30%
45 IAC 3.1-1-62 (IC 6-3-2-2)	\$10,736,343	15%
45 IAC 3.1-1-52	\$5,872,265	8%

**Special Tax – Exhibit E:**

	Amount Assessed	Percentage of All Assessments
IC 6-7-1-18	\$ 1,544,733	63%

**Miscellaneous Tax Violations - Exhibit F:**

	Amount Assessed	Percentage of All Assessments
IC 6-8-1-5-1	\$924,633	57%
Remaining Rules	\$687,416	43%

**Industries/Businesses Most Frequently in Violation**

***Sales and use tax***

For the FY 2013 reporting period, taxpayers engaged in wholesale, retail, and transportation businesses accounted for the most violations of the sales and use tax rules. This group accounted for 2,943 violations (46 percent of the total violations). The most frequently violated rule by this group of taxpayers was [45 IAC 2.2-3-20](#) with 627 violations. Rule 3-20 states if a seller of tangible personal property for storage, use, or consumption in Indiana fails to collect the appropriate tax, the purchaser of such property must remit tax directly to the department.

The second largest number of sales and use tax violations was committed by taxpayers engaged in the manufacturing industry. This group committed 1,128 violations (18 percent of the total violations) for FY 2013. The most frequently violated rule of this group was [45 IAC 2.2-5-8](#) with 499 violations. Rule 5-8 stipulates that sales of manufacturing machinery, tools, and equipment used in direct production, manufacture, fabrication, assembly, or finishing of other tangible personal property are not exempt for sales and use tax purposes.

### **Adjusted gross income and financial institutions taxes**

For the FY 2013 reporting period, unclassified taxpayers engaged in unrelated business activities such as debt-finance, rental of real estate, investment and passive income of exempt organizations, rental of personal property, and other miscellaneous activities accounted for the most violations of the adjusted gross income tax rules. This group accounted for 2,032 violations (72 percent of the total violations). The rule most frequently violated by this group was [45 IAC 3.1-1-2](#) with 1,917 violations. Rule 1-2 defines gross income for individuals.

Taxpayers engaged in wholesale, retail, and transportation committed the second largest number of adjusted gross income tax violations. This group committed 117 violations (26 percent of the total violations) for FY 2013. The rule most frequently violated by this group was [45 IAC 3.1-1-97](#) with 61 violations. Rule 1-8 defines adjusted gross income for corporations.

[Exhibit D](#) illustrates the tax dollar changes related to adjusted gross income tax rule violations, segregated by industry. Financial institutions tax, which is comparable to the adjusted gross income tax but applies only to the banking and loan industry, is also reflected on this chart.

### **Special tax violations**

[Exhibit E](#) provides the special tax assessments and refunds by citation.

[IC 6-6-5.5-8](#) was the most frequently violated special tax item in the study for FY 2013. It specifies the imposition of excise tax upon commercial vehicles. This rule was violated 125 times and yielded \$109,227 in net assessments for the State of Indiana.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2013 was the wholesale, retail, and transportation industries. This group committed 796 violations, accounting for more than 85 percent of the total violations.

### **Miscellaneous Code Violations**

[Exhibit F](#) provides the assessment amounts for miscellaneous code violations. In FY 2013, the most violated miscellaneous code section was [IC 6-8.1-10-2.1](#), which accounted for 16 (17 percent) of the violations. These violations yielded \$24,419 in net assessments. [IC 6-8.1-10-2.1](#) covers penalty assessments for failure to file returns, pay timely, and in full. Penalties can be assessed for any listed taxes.

### **Number of Years in the Audit Period**

The audit period averages three years.

#### **What Indiana Taxpayers Have to Say**

"I wrote a check for my state taxes and then could not find my checkbook. I was totally blown away when I received it in the mail just a few days later. I had mistakenly placed it in the envelope with my state returns. I wish to express my appreciation. I am also spreading the word that, yes, there still are thoughtful, honest people among us and they can be found at the Indiana Dept. of Revenue!"

— Twila B.

# AUDIT EXHIBITS

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Standard Industrial Codes	<b>Exhibit B</b>	Page 61
<b>Sales and Use Tax Audits</b>		
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Sales and Use Tax Violations by Industry Group		Page 67
Sales and Use Tax Dollars Assessed by Industry Group		Page 68
<b>Adjusted Gross Income Tax Audit</b>		
Dollars Assessed by Industrial Code	<b>Exhibit D</b>	Page 69
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# EXHIBIT A

## Taxpayer Assistance Report by District Office

	Walk-in Assistance	Telephone Assistance	Totals	Collected/ Assessed
<b>Bloomington</b>	12,644	11,124	23,768	\$3,228,037
<b>Clarksville</b>	11,002	18,480	29,482	\$3,016,111
<b>Columbus</b>	8,496	10,409	18,905	\$2,743,051
<b>Evansville</b>	9,334	11,124	20,458	\$2,433,591
<b>Fort Wayne</b>	8,410	8,253	16,663	\$3,863,321
<b>Kokomo</b>	13,386	10,895	24,281	\$2,599,338
<b>Lafayette</b>	8,596	4,893	13,489	\$3,455,895
<b>Merrillville</b>	13,062	13,700	26,762	\$5,422,232
<b>Muncie</b>	6,198	16,463	22,661	\$987,288
<b>South Bend</b>	16,432	8,968	25,400	\$3,129,870
<b>Terre Haute</b>	4,810	16,801	21,611	\$1,780,886
<b>Totals</b>	<b>112,370</b>	<b>131,110</b>	<b>243,480</b>	<b>\$32,659,620</b>

# EXHIBIT B

## Standard Industrial Codes

The Standard Industrial Codes (SIC) used in the Audit Division reports and exhibits are based on the North American Industry Classification System (NAICS). Refer to the following text to explain the industry classification numbering system.

<b>Class</b>	<b>Explanation</b>
1	Agricultural; Forestry
2	Mining; Oil and Gas Extraction; Construction
3	Manufacturing
4	Wholesale; Retail; Transportation
5	Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
6	Education; Health Services
7	Arts; Entertainment; Recreation; Food Service; Accommodations
8	Repair; Personal Services; Other Services
9	Public Administration, Unrelated Business Activities

# EXHIBIT C

## Dollars Assessed by Industrial Code Sales and Use Tax Audits

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">45 IAC 15-5-7</a>			142.46							<b>142.46</b>
<a href="#">45 IAC 2.2-1-1</a>		42,070.56	65,009.42	690,110.13	20,654.56		90,594.89	21,363.19		<b>929,802.75</b>
<a href="#">45 IAC 2.2-1-2</a>				2,054.65						<b>2,054.65</b>
<a href="#">45 IAC 2.2-2-1</a>		(27,405.55)	54,291.60	1,913,103.74	33,062.28	2,081.67	18,308.85	23,798.55	236,837.23	<b>2,254,078.37</b>
<a href="#">45 IAC 2.2-2-2</a>		124,848.45	(18,862.73)	1,167,489.85	57,888.77	8,846.16	4,109.30	137,958.66		<b>1,482,278.46</b>
<a href="#">45 IAC 2.2-2-3</a>			1,067.24		239.48					<b>1,306.72</b>
<a href="#">45 IAC 2.2-2-4</a>			(2,431.68)							<b>(2,431.68)</b>
<a href="#">45 IAC 2.2-3-1</a>		1,775.86	7,505.06	733.19						<b>10,014.11</b>
<a href="#">45 IAC 2.2-3-10</a>		(575.99)	(3,185.75)							<b>(3,761.74)</b>
<a href="#">45 IAC 2.2-3-11</a>				26,248.66	1,790.60					<b>28,039.26</b>
<a href="#">45 IAC 2.2-3-12</a>		773,653.15	35,590.98	6,037.45	519.50			1,233.03		<b>817,034.11</b>
<a href="#">45 IAC 2.2-3-13</a>		5,849.55	225,906.95	234,900.49	12,922.30	30,553.23	17,646.89	3,010.13		<b>530,789.52</b>
<a href="#">45 IAC 2.2-3-14</a>				(106.85)						<b>(106.85)</b>
<a href="#">45 IAC 2.2-3-15</a>	111.76	28,125.23	175,894.12	6,235.18	10,208.15		44.21			<b>220,618.65</b>
<a href="#">45 IAC 2.2-3-16</a>		(4,747.92)	(265.27)	(39,697.82)	66.32					<b>(44,644.70)</b>
<a href="#">45 IAC 2.2-3-18</a>			(243,537.87)	404.05				346.33		<b>(242,787.49)</b>
<a href="#">45 IAC 2.2-3-2</a>				147.37						<b>147.37</b>
<a href="#">45 IAC 2.2-3-20</a>	131,727.16	301,910.52	665,182.94	1,352,531.03	821,230.61	199,600.57	177,832.10	259,096.95	72,922.21	<b>3,982,034.08</b>
<a href="#">45 IAC 2.2-3-22</a>							1,805.34			<b>1,805.34</b>
<a href="#">45 IAC 2.2-3-24</a>				2,229.04						<b>2,229.04</b>
<a href="#">45 IAC 2.2-3-26</a>		377.03								<b>377.03</b>
<a href="#">45 IAC 2.2-3-27</a>	160.88	24,004.88	32,706.12	111,646.14	43,382.19	64,546.42	35,190.61	5,007.05	6,628.18	<b>323,272.48</b>
<a href="#">45 IAC 2.2-3-29</a>							2,617.13			<b>2,617.13</b>
<a href="#">45 IAC 2.2-3-3</a>				890.39						<b>890.39</b>
<a href="#">45 IAC 2.2-3-4</a>		341,634.13	1,365,347.71	4,137,032.94	2,348,825.55	110,553.11	106,890.85	409,040.85	32,375.76	<b>8,851,700.89</b>
<a href="#">45 IAC 2.2-3-5</a>		12,949.32	6,224.12	62,273.17			337.73	12,790.89	874.42	<b>95,449.66</b>
<a href="#">45 IAC 2.2-3-6</a>				106,072.92						<b>106,072.92</b>
<a href="#">45 IAC 2.2-3-7</a>		3,778.93				630.03				<b>4,408.96</b>
<a href="#">45 IAC 2.2-3-8</a>		25,262.47	48,268.89	(201.41)	(23,640.13)			93,388.87		<b>143,078.70</b>
<a href="#">45 IAC 2.2-3-9</a>		414,607.93	24,906.32	19,018.70	101,159.20	(883.02)			351.24	<b>559,160.37</b>
<a href="#">45 IAC 2.2-4-1</a>	352.47	70,337.02	246,288.86	1,519,108.61	(251,852.26)	12.28	85,412.22	22,176.20	231,970.19	<b>1,923,805.60</b>

\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT C

## Dollars Assessed by Industrial Code Sales and Use Tax Audits (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">45 IAC 2.2-4-11</a>		33,458.96					7,931.21			<b>41,390.18</b>
<a href="#">45 IAC 2.2-4-13</a>			(47,540.61)	(741.79)				5,495.85		<b>(42,786.55)</b>
<a href="#">45 IAC 2.2-4-2</a>		965.30	89,199.75	157,329.83	27,907.85	4,054.03	1,293.21	179,657.09	31,622.92	<b>492,029.98</b>
<a href="#">45 IAC 2.2-4-20</a>				1,925.70						<b>1,925.70</b>
<a href="#">45 IAC 2.2-4-21</a>		3,150.13		1,618.67						<b>4,768.80</b>
<a href="#">45 IAC 2.2-4-22</a>		237,798.85	435.98	22,637.98	5,745.16			152.29		<b>266,770.26</b>
<a href="#">45 IAC 2.2-4-23</a>		(7,529.62)		(201.41)						<b>(7,731.03)</b>
<a href="#">45 IAC 2.2-4-26</a>		320,726.58	(8,756.51)	32,446.99	405.28				3,872.27	<b>348,694.61</b>
<a href="#">45 IAC 2.2-4-27</a>	798.28	112,974.97	62,890.91	175,700.08	63,271.63	43,049.37	13,727.95	30,973.24	49,295.60	<b>552,682.03</b>
<a href="#">45 IAC 2.2-4-28</a>				15,877.16						<b>15,877.16</b>
<a href="#">45 IAC 2.2-4-3</a>		1,392.69	564.94	17,144.59	15.97		3,378.56	46.67		<b>22,543.41</b>
<a href="#">45 IAC 2.2-4-32</a>					3,624.19					<b>3,624.19</b>
<a href="#">45 IAC 2.2-4-33</a>								26,442.70		<b>26,442.70</b>
<a href="#">45 IAC 2.2-4-4</a>			(444.58)	(654.59)	(265.27)					<b>(1,364.44)</b>
<a href="#">45 IAC 2.2-4-5</a>							124,780.90			<b>124,780.90</b>
<a href="#">45 IAC 2.2-4-7</a>					478.97					<b>478.97</b>
<a href="#">45 IAC 2.2-4-8</a>		24.56		560.02	224.75	2,671.17	133,484.61	472.83		<b>137,437.93</b>
<a href="#">45 IAC 2.2-4-9</a>		309.49		466.69			36,330.31			<b>37,106.49</b>
<a href="#">45 IAC 2.2-5-1</a>				1,371.81						<b>1,371.81</b>
<a href="#">45 IAC 2.2-5-10</a>	15.97		4,470.36	87,100.89	2,526.25		(230.89)			<b>93,882.58</b>
<a href="#">45 IAC 2.2-5-12</a>		1,499.54	(48,137.48)	91,567.57			(9.82)		1,854.46	<b>46,774.26</b>
<a href="#">45 IAC 2.2-5-13</a>	(167.02)									<b>(167.02)</b>
<a href="#">45 IAC 2.2-5-14</a>		(2,200.80)	(38,505.32)	8,587.03				(85.97)		<b>(32,205.05)</b>
<a href="#">45 IAC 2.2-5-15</a>	1,556.03	(20,553.85)	(23,592.23)	49,845.80	(13,705.84)	(413,317.17)	2,330.98	(14,306.40)	1,793.06	<b>(429,949.63)</b>
<a href="#">45 IAC 2.2-5-16</a>	10,981.87		(8,373.34)	(12,493.69)	332.82			6,642.91		<b>(2,909.42)</b>
<a href="#">45 IAC 2.2-5-2</a>									1,311.63	<b>1,311.63</b>
<a href="#">45 IAC 2.2-5-20</a>					14,851.68					<b>14,851.68</b>
<a href="#">45 IAC 2.2-5-22</a>		1,062.33								<b>1,062.33</b>
<a href="#">45 IAC 2.2-5-24</a>		(668.10)					2,878.72			<b>2,210.62</b>
<a href="#">45 IAC 2.2-5-25</a>		(286.15)								<b>(286.15)</b>
<a href="#">45 IAC 2.2-5-26</a>		3,248.38	6,134.47	4,132.63	5,616.20	(125.27)	530.55	1,727.97	658.27	<b>21,923.21</b>

\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT C

## Dollars Assessed by Industrial Code Sales and Use Tax Audits (continued)

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">45 IAC 2.2-5-28</a>				3,907.88							<b>3,907.88</b>
<a href="#">45 IAC 2.2-5-33</a>						(1,334.97)					<b>(1,334.97)</b>
<a href="#">45 IAC 2.2-5-36</a>			118,390.98	229.66	22,808.69	360,908.28					<b>502,337.61</b>
<a href="#">45 IAC 2.2-5-38</a>				199,146.16			(5,132.32)				<b>194,013.84</b>
<a href="#">45 IAC 2.2-5-39</a>				21,607.58			(6,253.60)				<b>15,353.98</b>
<a href="#">45 IAC 2.2-5-4</a>	3,313.47			7,369.96					1,659.19		<b>12,342.63</b>
<a href="#">45 IAC 2.2-5-40</a>				480,131.93			1,000.92	334.05			<b>481,466.90</b>
<a href="#">45 IAC 2.2-5-41</a>				17.19							<b>17.19</b>
<a href="#">45 IAC 2.2-5-42</a>				82.28							<b>82.28</b>
<a href="#">45 IAC 2.2-5-43</a>				170,173.53		4,548.96	18,938.87				<b>193,661.37</b>
<a href="#">45 IAC 2.2-5-45</a>							658.27		3,884.55		<b>4,542.82</b>
<a href="#">45 IAC 2.2-5-52</a>				3,868.59							<b>3,868.59</b>
<a href="#">45 IAC 2.2-5-53</a>		(3,234.87)									<b>(3,234.87)</b>
<a href="#">45 IAC 2.2-5-55</a>							509.67	10,480.80			<b>10,990.47</b>
<a href="#">45 IAC 2.2-5-58</a>			(79.83)								<b>(79.83)</b>
<a href="#">45 IAC 2.2-5-6</a>	5,023.02		1,892.54	58,868.81	5,602.69						<b>71,387.06</b>
<a href="#">45 IAC 2.2-5-61</a>		2,213.08	1,347.25	168,811.54		(132.64)					<b>172,239.23</b>
<a href="#">45 IAC 2.2-5-62</a>		6,383.78	3,776.48	12,966.51							<b>23,126.77</b>
<a href="#">45 IAC 2.2-5-7</a>			51,770.27	852.32							<b>52,622.58</b>
<a href="#">45 IAC 2.2-5-70</a>		(1,148.29)	(1,320.23)								<b>(2,468.53)</b>
<a href="#">45 IAC 2.2-5-8</a>	45,375.43	(64,525.54)	6,962,394.47	198,077.70	132,973.71		(96,747.79)	707,054.54	4,777.40		<b>7,889,379.91</b>
<a href="#">45 IAC 2.2-5-9</a>		248,775.81	1,123.73								<b>249,899.54</b>
<a href="#">45 IAC 2.2-6-1</a>		2,769.42	14,435.35	56,121.50	1,384.09		11,489.08	95,982.67			<b>182,182.11</b>
<a href="#">45 IAC 2.2-6-11</a>				548,497.82							<b>548,497.82</b>
<a href="#">45 IAC 2.2-6-12</a>				(45,553.51)							<b>(45,553.51)</b>
<a href="#">45 IAC 2.2-6-14</a>		808.10		(3,583.66)			334.05				<b>(2,441.51)</b>
<a href="#">45 IAC 2.2-6-15</a>					(20,235.77)						<b>(20,235.77)</b>
<a href="#">45 IAC 2.2-6-6</a>				63,842.71							<b>63,842.71</b>
<a href="#">45 IAC 2.2-6-8</a>	3,859.99	165,973.35	376,534.91	5,191,908.89	70,577.73	2,612.22	378,121.64	198,562.80			<b>6,388,151.53</b>
<a href="#">45 IAC 2.2-7-1</a>				109,467.45							<b>109,467.45</b>
<a href="#">45 IAC 2.2-7-2</a>				281,065.60	3,602.08			2,525.02			<b>287,192.70</b>

\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT C

## Dollars Assessed by Industrial Code Sales and Use Tax Audits (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">45 IAC 2.2-7-3</a>				1,124,504.34						1,124,504.34
<a href="#">45 IAC 2.2-7-5</a>				1,422.17						1,422.17
<a href="#">45 IAC 2.2-7-6</a>		71,651.11		427,547.42						499,198.53
<a href="#">45 IAC 2.2-7-7</a>				290,158.62	774.95			(808.10)		290,125.46
<a href="#">45 IAC 2.2-8-12</a>		9,628.48	111,443.50	1,169,453.61	115,091.02	17,898.65	17,815.14	131,434.87		1,572,765.27
<a href="#">45 IAC 2.2-8-17</a>		6,969.59								6,969.59
<a href="#">45 IAC 2.2-8-6</a>				1,150.75						1,150.75
<a href="#">45 IAC 2.2-9-4</a>				24,173.13			6,599.93			30,773.06
<a href="#">IC 13-20-13-7</a>				6,774.32						6,774.32
<a href="#">IC 22-11-14-13</a>				297.21						297.21
<a href="#">IC 36-8-16.6</a>			363.52	10,214.29						10,577.82
<a href="#">IC 36-8-16.6-11</a>				1,806.57						1,806.57
<a href="#">IC 36-8-16.6-12</a>				2,485.72	13,723.04					16,208.76
<a href="#">IC 36-8-16.6-13</a>				(6,736.25)						(6,736.25)
<a href="#">IC 6-3-4-8</a>							412.65			412.65
<a href="#">IC 6-2.5-5-21</a>				6,195.88						6,195.88
<a href="#">IC 6-2.5-1-14</a>								160.88		160.88
<a href="#">IC 6-2.5-1-21</a>						95,312.11				95,312.11
<a href="#">IC 6-2.5-1-24</a>						2,295.36				2,295.36
<a href="#">IC 6-2.5-1-26.5</a>			(688.98)							(688.98)
<a href="#">IC 6-2.5-13-1</a>				27,794.86						27,794.86
<a href="#">IC 6-2.5-1-5</a>		46.67	2,651.52	24,195.24	1,380.41		8.60			28,282.43
<a href="#">IC 6-2.5-1-6</a>		128.95								128.95
<a href="#">IC 6-2.5-2-1</a>		884.25	875.65				11,355.22			13,115.12
<a href="#">IC 6-2.5-2-2</a>						1,148.29				1,148.29
<a href="#">IC 6-2.5-3-2</a>			72,427.28	5,995.69	8,205.08		1,852.01			88,480.07
<a href="#">IC 6-2.5-3-3</a>						2,297.82				2,297.82
<a href="#">IC 6-2.5-4-1</a>		365.98	224,985.85	8,835.11						234,186.95
<a href="#">IC 6-2.5-4-10</a>				957.94						957.94
<a href="#">IC 6-2.5-4-13</a>				6,060.78						6,060.78

\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT C

## Dollars Assessed by Industrial Code Sales and Use Tax Audits (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">IC6-2.5-4-17</a>				2,205.71	170.71					2,376.42
<a href="#">IC6-2.5-4-4</a>							111.76			111.76
<a href="#">IC6-2.5-4-5</a>				19,150.11						19,150.11
<a href="#">IC6-2.5-4-6</a>					760.21					760.21
<a href="#">IC6-2.5-5-13</a>					(3,926.31)					(3,926.31)
<a href="#">IC6-2.5-5-20</a>				70,661.24						70,661.24
<a href="#">IC6-2.5-5-3</a>			(999.69)							(999.69)
<a href="#">IC6-2.5-5-35</a>							(4,357.38)			(4,357.38)
<a href="#">IC6-2.5-5-4</a>			13,147.05		(31,737.13)					(18,590.09)
<a href="#">IC6-2.5-5-40</a>			65,209.61	(4,566.16)		(26,992.90)				33,650.55
<a href="#">IC6-2.5-5-45</a>				(10,160.26)						(10,160.26)
<a href="#">IC6-2.5-5-5</a>			(5,038.99)							(5,038.99)
<a href="#">IC6-2.5-5-7</a>				45,344.73						45,344.73
<a href="#">IC6-2.5-6-1</a>				144,730.52	831.44		151,251.85			296,813.81
<a href="#">IC6-2.5-6-9</a>				24,074.88						24,074.88
<a href="#">IC6-2.5-7-1</a>				7,368.73						7,368.73
<a href="#">IC6-2.5-7-10</a>				832.67						832.67
<a href="#">IC6-2.5-7-3</a>				292,270.99						292,270.99
<a href="#">IC6-2.5-7-5</a>				1,198,242.03						1,198,242.03
<a href="#">IC6-2.5-7-6</a>				734.42						734.42
<a href="#">IC6-2.5-7-7</a>				165,789.13						165,789.13
<a href="#">IC6-2.5-7-9</a>				(39,638.87)						(39,638.87)
<a href="#">IC6-2.5-9-8</a>				229,337.09						229,337.09
<a href="#">IC6-6-9-7</a>				1,350.93	13,037.75			15,971.73		30,360.41
<b>Grand Total</b>	<b>203,109.31</b>	<b>3,271,518.70</b>	<b>10,689,038.08</b>	<b>24,781,377.29</b>	<b>3,622,511.12</b>	<b>510,833.76</b>	<b>1,355,185.00</b>	<b>2,388,129.14</b>	<b>682,688.59</b>	<b>47,504,391.00</b>

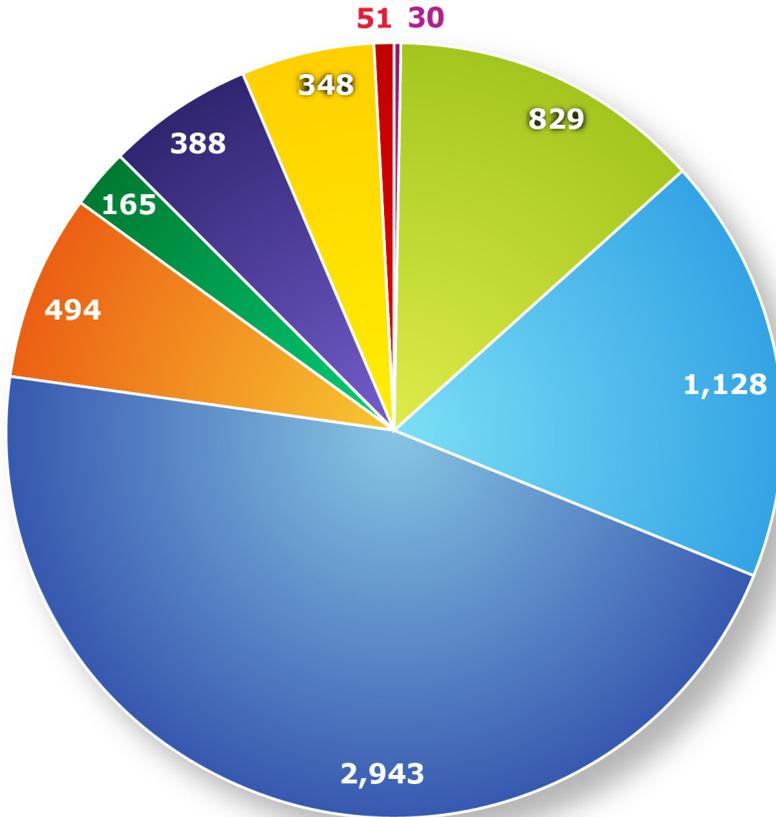
\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT C

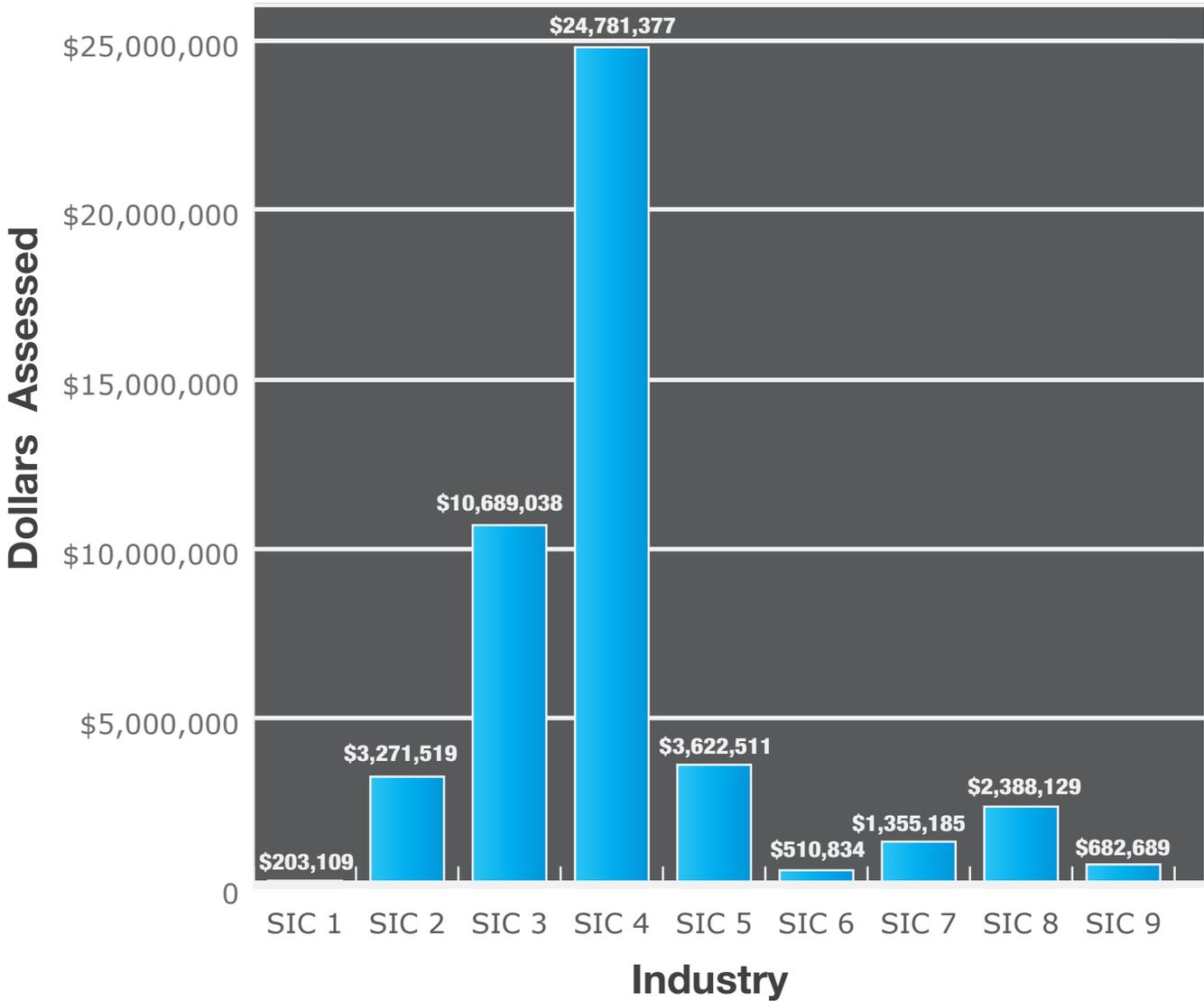
## Sales and Use Tax Violations by Industry Group Total Violations: 6,376



- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

# EXHIBIT C

## Sales and Use Tax Dollars Assessed by Industry Group Total Dollars: \$47,504,391



For SIC explanation, see [page 61](#).

# EXHIBIT D

## Dollars Assessed by Industrial Code Adjusted Gross Income Tax

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">45 IAC 17-3-10</a>					\$5,473,384.62					\$5,473,384.62
<a href="#">45 IAC 17-3-5</a>					\$3,682,121.91					\$3,682,121.91
<a href="#">45 IAC 3.1-1-1</a>				\$17,591.95				\$525.32	\$179,348.79	\$197,466.06
<a href="#">45 IAC 3.1-1-101</a>							\$171.83			\$171.83
<a href="#">45 IAC 3.1-1-106</a>						\$396.44	\$868.98			\$1,265.42
<a href="#">45 IAC 3.1-1-109</a>				\$1,178.28						\$1,178.28
<a href="#">45 IAC 3.1-1-153</a>					\$541,557.90				\$26,195.84	\$567,753.74
<a href="#">45 IAC 3.1-1-18</a>				\$638.23						\$638.23
<a href="#">45 IAC 3.1-1-2</a>		\$16,520.45		\$1,572.27	\$774.47			\$17,688.91	\$1,021,353.11	\$1,057,909.22
<a href="#">45 IAC 3.1-1-25</a>		\$306.84								\$306.84
<a href="#">45 IAC 3.1-1-29</a>			(\$5,055.55)	\$9,779.72						\$4,724.16
<a href="#">45 IAC 3.1-1-3</a>				\$354,349.00						\$354,349.00
<a href="#">45 IAC 3.1-1-34</a>					\$7,091.77					\$7,091.77
<a href="#">45 IAC 3.1-1-35</a>			\$38,743.29							\$38,743.29
<a href="#">45 IAC 3.1-1-37</a>		\$5,166.02								\$5,166.02
<a href="#">45 IAC 3.1-1-38</a>			\$26,831.62							\$26,831.62
<a href="#">45 IAC 3.1-1-39</a>				\$4,283,482.38						\$4,283,482.38
<a href="#">45 IAC 3.1-1-40</a>					\$4,201.30					\$4,201.30
<a href="#">45 IAC 3.1-1-41</a>				\$17,969.98						\$17,969.98
<a href="#">45 IAC 3.1-1-43</a>					\$922.99					\$922.99
<a href="#">45 IAC 3.1-1-45</a>					\$2,944.47					\$2,944.47
<a href="#">45 IAC 3.1-1-47</a>					\$2,090.22					\$2,090.22
<a href="#">45 IAC 3.1-1-48</a>		(\$2,859.78)			\$5,048.19					\$2,188.41
<a href="#">45 IAC 3.1-1-5</a>		\$5,982.22		\$11,160.51	\$6,495.26				\$84,579.57	\$108,217.56
<a href="#">45 IAC 3.1-1-50</a>					\$1,841.06					\$1,841.06
<a href="#">45 IAC 3.1-1-51</a>				\$2,324.65	\$44,548.77		\$5,844.75			\$52,718.17
<a href="#">45 IAC 3.1-1-52</a>			\$620,232.57	\$28,977.07	\$603,941.64	\$4,611,361.83			\$7,752.09	\$5,872,265.20
<a href="#">45 IAC 3.1-1-53</a>		\$157,103.87	\$1,134,737.92							\$1,291,841.79
<a href="#">45 IAC 3.1-1-54</a>			\$471,311.60							\$471,311.60

\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT D

## Dollars Assessed by Industrial Code Adjusted Gross Income Tax (continued)

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
<a href="#">45 IAC 3.1-1-55</a>		\$531.45									\$531.45
<a href="#">45 IAC 3.1-1-59</a>				\$86,122.38							\$86,122.38
<a href="#">45 IAC 3.1-1-6</a>									\$12,898.47		\$12,898.47
<a href="#">45 IAC 3.1-1-62</a>				\$6,606,720.88	\$3,816,303.34			\$313,319.12			\$10,736,343.33
<a href="#">45 IAC 3.1-1-66</a>				\$39,985.39	(\$29,164.86)					\$382,568.78	\$393,389.31
<a href="#">45 IAC 3.1-1-67</a>									\$1,977.30		\$1,977.30
<a href="#">45 IAC 3.1-1-7</a>									\$241,353.27		\$241,353.27
<a href="#">45 IAC 3.1-1-8</a>		\$132,668.08	(\$108,488.81)	\$92,471.58	\$8,790.45	\$15,063.56	\$48,718.15		\$4,292.13		\$193,515.14
<a href="#">45 IAC 3.1-1-9</a>		\$1,137.78	\$55,603.72	\$687,719.73	(\$150,299.31)			\$7,388.79	\$375,731.08		\$977,281.79
<a href="#">45 IAC 3.1-1-94</a>				\$39,293.15	(\$28,089.68)			\$4,494.64			\$15,698.11
<a href="#">45 IAC 3.1-1-97</a>	\$255.29	\$105,119.67	\$22,321.02	\$179,697.37		\$7,720.18	\$23,909.24	\$25,518.33	\$64,756.25		\$429,297.37
<a href="#">45 IAC 3.1-3-1</a>			\$2,163.86	\$10,998.50			\$1,208.96				\$14,371.32
<a href="#">45 IAC 3.1-3-2</a>			\$5,575.96								\$5,575.96
<a href="#">45 IAC 3.1-3-3</a>		\$213.56		\$2,511.21			\$1,011.36		\$2,775.09		\$6,511.22
<a href="#">45 IAC 3.1-3-5</a>		\$1,764.96									\$1,764.96
<a href="#">45 IAC 3.1-3-8</a>		\$7,278.33									\$7,278.33
<a href="#">IC 6-2.3-1-13</a>		(\$868.98)			(\$45,580.99)						(\$46,449.97)
<a href="#">IC 6-2.3-2-1</a>		\$1,473,196.11			\$29,701.22						\$1,502,897.33
<a href="#">IC 6-2.5-2</a>			\$4,970,517.23								\$4,970,517.23
<a href="#">IC 6-3.1-1-1</a>									\$182.88		\$182.88
<a href="#">IC 6-3.1-1-2</a>					\$679.97						\$679.97
<a href="#">IC 6-3.1-4</a>			\$5,914.72								\$5,914.72
<a href="#">IC 6-3.1-4-1</a>			\$2,184.73								\$2,184.73
<a href="#">IC 6-3.1-4-3</a>			\$76,195.38								\$76,195.38
<a href="#">IC 6-3.5-1-1</a>		\$273.70							\$513.04		\$786.75
<a href="#">IC 6-3.5-6</a>	\$74.87			\$1,251.92							\$1,326.79
<a href="#">IC 6-3.5-6-1</a>				\$6,555.40							\$6,555.40
<a href="#">IC 6-3.5-6-8</a>		\$1,071.50									\$1,071.50

\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT D

## Dollars Assessed by Industrial Code Adjusted Gross Income Tax (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">IC6-3-1-3.5</a>		\$263.89	(\$13,656.99)	\$82.23				\$13,465.52	\$116,928.24	<b>\$117,082.89</b>
<a href="#">IC6-3-2.2</a>				\$3,600,357.94						<b>\$3,600,357.94</b>
<a href="#">IC6-3-2-1</a>		\$3,717.72		\$2,921.15					\$4,169.39	<b>\$10,808.26</b>
<a href="#">IC6-3-2-2</a>			\$17,734,984.36	\$3,652,577.79	\$478,324.82		\$2,059.53			<b>\$21,867,946.50</b>
<a href="#">IC6-3-2-2.6</a>								\$5,731.84		<b>\$5,731.84</b>
<a href="#">IC6-3-2-20</a>			\$213,490.66							<b>\$213,490.66</b>
<a href="#">IC6-3-4-13</a>				\$57,004.16			\$1,499.85			<b>\$58,504.01</b>
<a href="#">IC6-3-4-6</a>				\$1,463,091.00						<b>\$1,463,091.00</b>
<a href="#">IC6-3-4-8</a>			\$9,636.11	\$28,137.55						<b>\$37,773.66</b>
<a href="#">IC6-5-5-1-2</a>				\$3,015.66						<b>\$3,015.66</b>
<a href="#">IC6-5-5-2-1</a>					(\$693,190.13)					<b>(\$693,190.13)</b>
<a href="#">IC6-5-5-4-8</a>					\$1,248,098.18					<b>\$1,248,098.18</b>
<a href="#">IC6-5-5-5-2</a>					\$445,022.48				\$752,682.18	<b>\$1,197,704.66</b>
<b>Grand Total</b>	\$330.16	\$1,908,587.39	\$25,263,243.39	\$21,289,539.01	\$15,457,560.04	\$4,634,542.02	\$85,292.67	\$388,132.47	\$3,280,057.52	<b>\$72,307,284.67</b>

\*For SIC explanation, see [page 61](#).

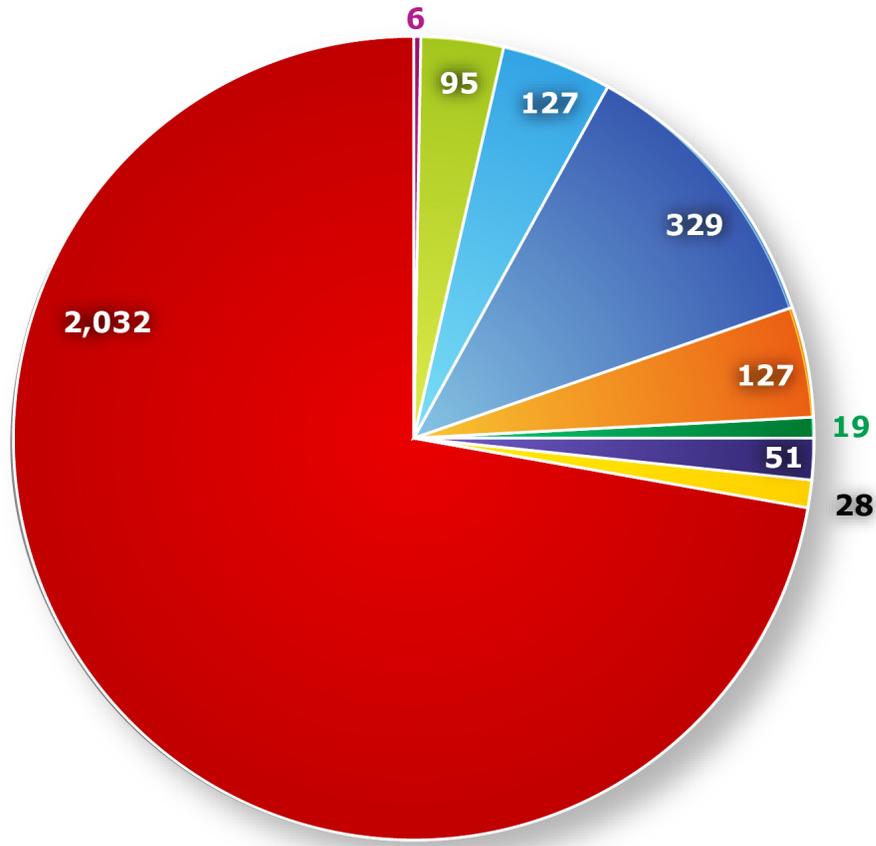
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To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT D

## Adjusted Gross Income Tax Violations by Industry Group

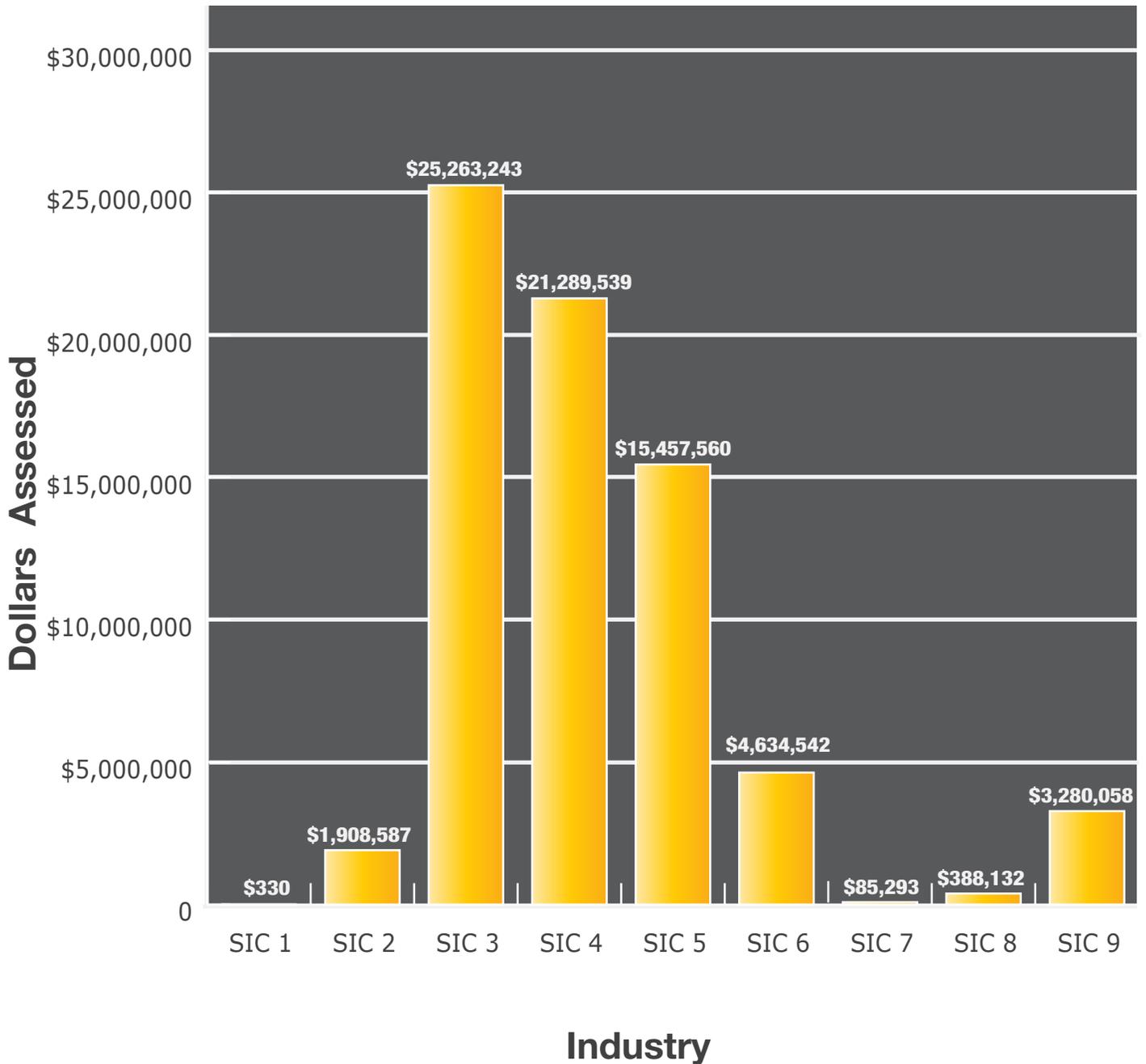
Total Violations: 2,814



- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

# EXHIBIT D

## Adjusted Gross Income Tax Assessed by Industry Group Total Dollars: \$72,307,284\*



For SIC explanation, see [page 61](#).

\*Total dollars assessed include financial institutions tax.

# EXHIBIT E

## Dollars Assessed by Industrial Code Special Tax Audits

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
A550				5,247						5,247
CVET Billing			65	2,407						2,472
<a href="#">IC6-2.5-7-2</a>									754	754
<a href="#">IC6-6-4.1-4</a>		1,630		717	250				19	2,616
<a href="#">IC6-6-4.1-6</a>		(704)		(308)					26	(986)
<a href="#">IC6-6-4.1-9</a>				1,653						1,653
<a href="#">IC6-6-5.5-8</a>	65	3,288	650	83,053	17,490			1,258	3,423	109,227
<a href="#">IC6-7-1-18</a>								17,114	1,527,619	1,544,733
<a href="#">IC6-7-1-19</a>				31,498	92			14,695	37,283	83,568
<a href="#">IC6-7-2-12</a>				10					41,295	41,305
<a href="#">IC6-7-2-14</a>				5,462					(50,407)	(44,945)
<a href="#">IC6-7-2-7</a>		1,285		34,991			89,815	(190,685)	100,306	35,712
IRP Article II-204		165		3,565						3,730
IRP Article XV-1502		6,293	1,247	126,568	33,509			2,567	6,925	177,109
IRP Article XVII-1700	(16)	(174)	(405)	39,604	(134)		(10)			38,865
R1000	1,080	2,547	(8,942)	(76,167)	(1,494)		(540)	(37)	(2,558)	(86,111)
R1200				6,146						6,146
R800	8,116	(6,799)	18,054	435,130	62,252		210	1,318	10,480	528,761
R970				510						510
<b>Grand Total</b>	<b>9,245</b>	<b>7,531</b>	<b>10,669</b>	<b>700,086</b>	<b>111,965</b>		<b>89,475</b>	<b>(153,770)</b>	<b>1,675,165</b>	<b>2,450,366</b>

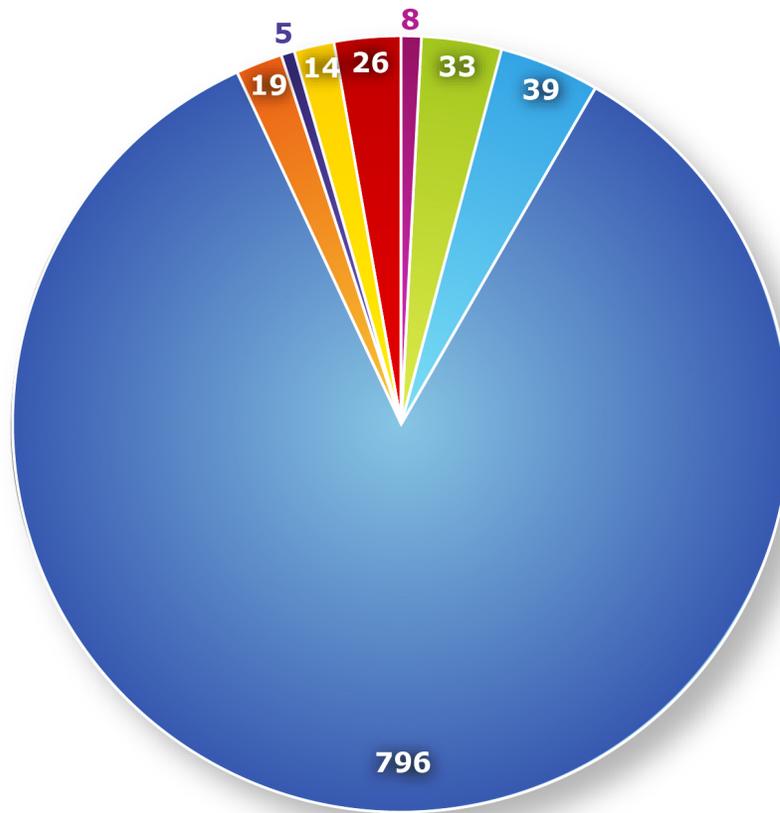
\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT E

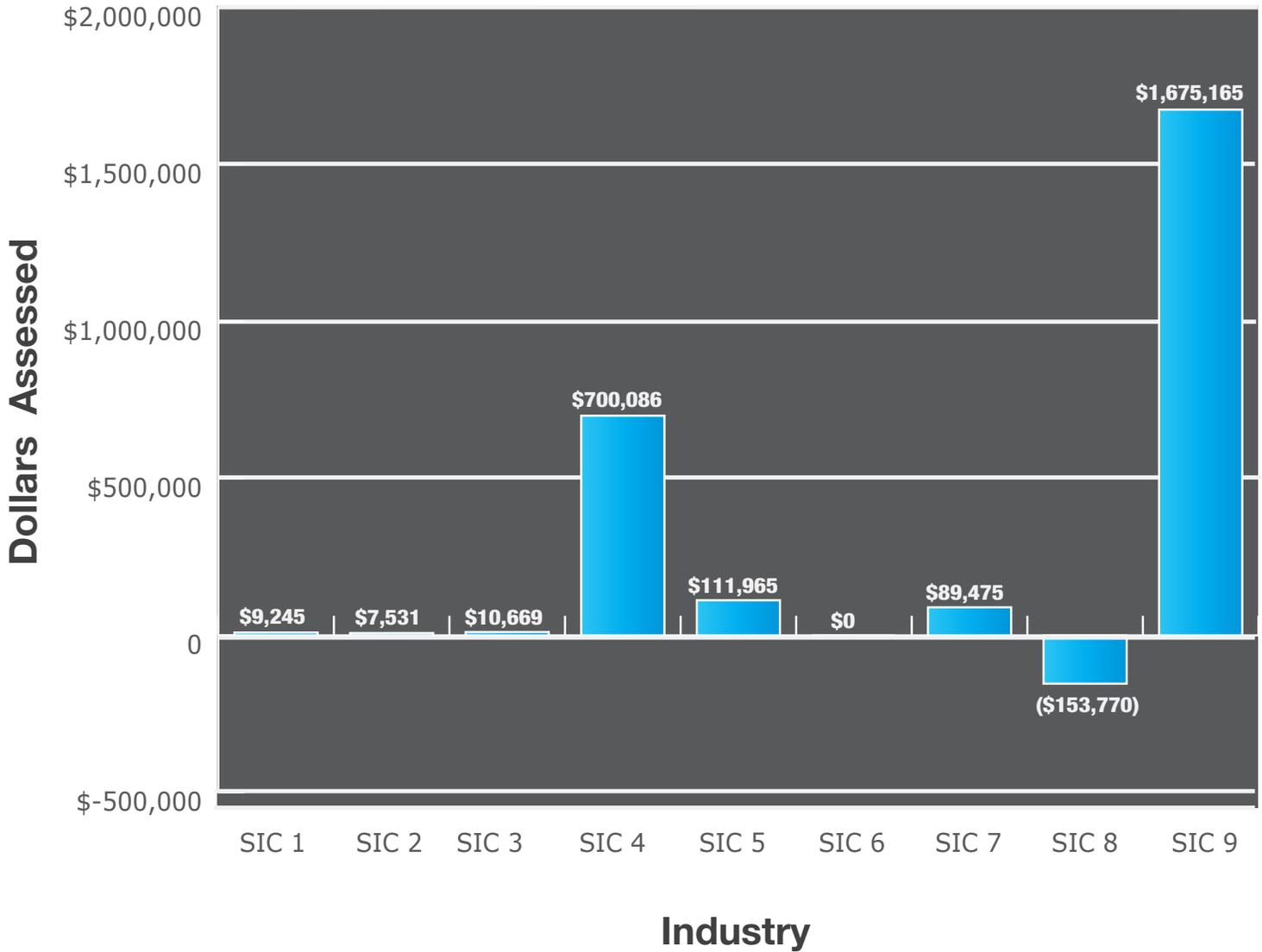
## Special Tax Violations by Industry Group Total Violations: 940



- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

# EXHIBIT E

## Special Tax Dollars Assessed by Industry Group Total Dollars: \$2,450,366



For SIC explanation, see [page 61](#).

# EXHIBIT F

## Dollars Assessed by Industrial Code Miscellaneous Violations

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
<a href="#">45 IAC 15-9-2</a>		(6,044)		76,769						70,725
<a href="#">IC 6-8.1-10-2</a>				1,000						1,000
<a href="#">IC 6-8.1-10-2.1</a>		2,500	1,000	15,199	500		5,220			24,419
<a href="#">IC 6-8.1-4-2</a>			73,532	3,113	3,286					79,931
<a href="#">IC 6-8.1-5-1</a>		523,873		62,439					338,321	924,633
<a href="#">IC 6-8.1-5-2</a>			21,825						8,353	30,178
<a href="#">IC 6-8.1-5-4</a>				144,415						144,415
<a href="#">IC 6-8.1-9-1</a>		(11,538)		77,611						66,073
<a href="#">IC 6-9-12-3</a>				10,599			4,693			15,292
<a href="#">IC 6-9-12-5</a>				2,626						2,626
<a href="#">IC 6-9-12-7</a>				(220)			6,629			6,409
<a href="#">IC 6-9-20-4</a>							(1,045)			(1,045)
<a href="#">IC 6-9-21-4</a>							2,260			2,260
<a href="#">IC 6-9-21-5</a>				2,874						2,874
<a href="#">IC 6-9-21-6</a>				20,490						20,490
<a href="#">IC 6-9-25-4</a>				1,119						1,119
<a href="#">IC 6-9-25-5</a>				474						474
<a href="#">IC 6-9-25-6</a>				1,815						1,815
<a href="#">IC 6-9-26-6</a>							1,303			1,303
<a href="#">IC 6-9-27-5</a>							28,483			28,483
<a href="#">IC 6-9-33-4</a>							4,994			4,994
<a href="#">IC 6-9-35-1</a>				7,229						7,229
<a href="#">IC 6-9-8-2</a>							176,352			176,352
<b>Grand Total</b>		<b>508,791</b>	<b>96,357</b>	<b>427,552</b>	<b>3,786</b>		<b>228,889</b>		<b>346,674</b>	<b>1,612,049</b>

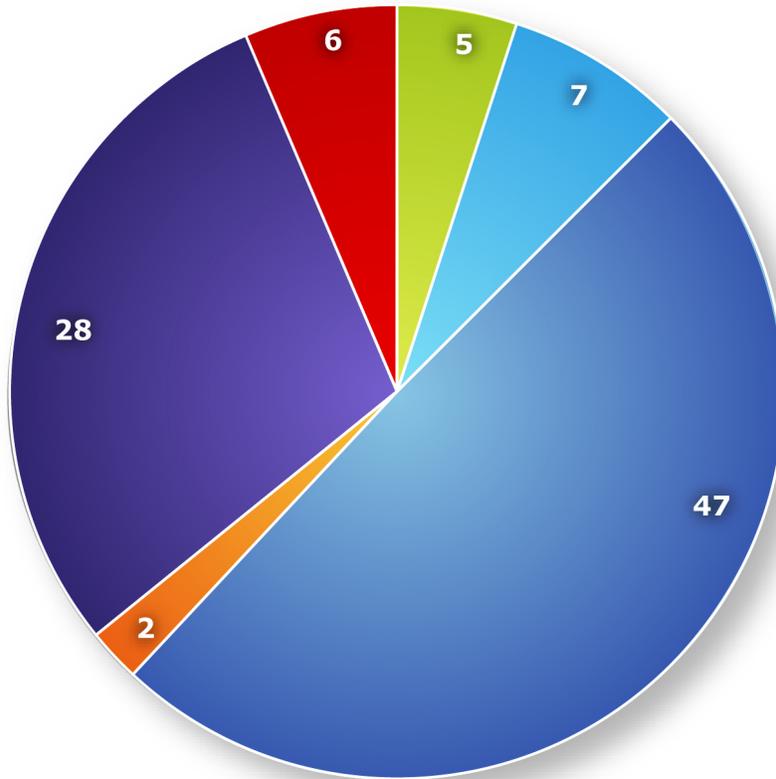
\*For SIC explanation, see [page 61](#).

\*\*To view the 45 IAC citation, visit [www.state.in.us/legislative/iac/title45.html](http://www.state.in.us/legislative/iac/title45.html).

To view the IC citation, visit [www.in.gov/legislative/ic/code](http://www.in.gov/legislative/ic/code).

# EXHIBIT F

## Miscellaneous Code Violations by Industry Group Total Violations: 95

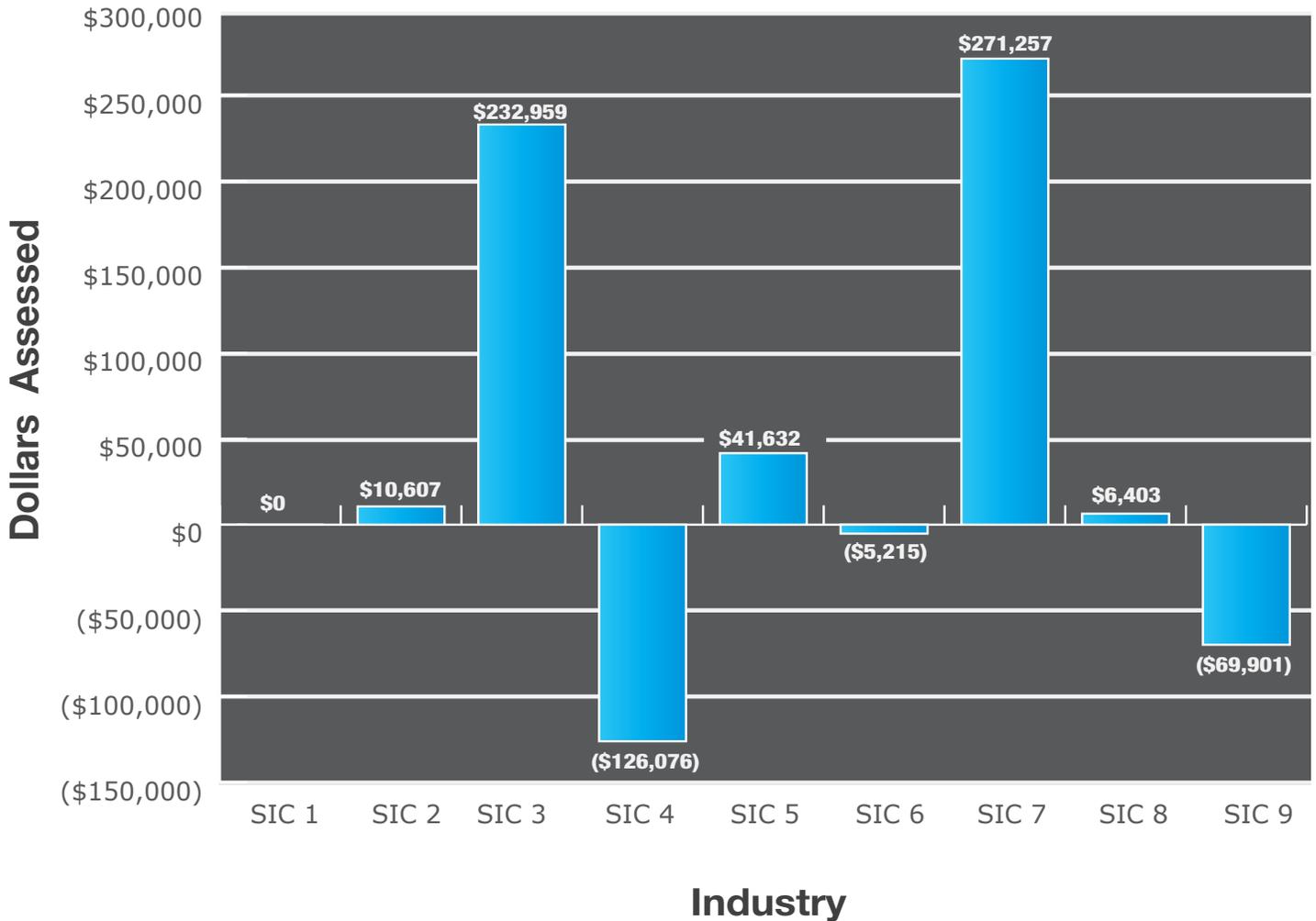


- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

# EXHIBIT F

## Miscellaneous Code Dollars Assessed by Industry Group

Total Dollars: \$368,881\*



For SIC explanation, see [page 61](#).

\*Total dollars assessed includes utility receipts tax.

# AREAS OF RECURRING TAXPAYER NONCOMPLIANCE

## Returns Processing

The vast majority of paper returns and forms sent to the department each year are prepared correctly, and the department processes them using the latest technology available. Last year, the department received 2.9 million documents, an additional 1.4 million W-2s, and 2.3 million checks to be processed. Some of those items were received with incomplete information or no basic information from the taxpayer (such as checks without an accompanying return). When this occurs, it then becomes the department's responsibility to determine what to do with the information or money it has received.

### What Indiana Taxpayers Have to Say

"I spoke to a very pleasant and helpful gentleman who assisted me in getting my issue resolved. I cannot believe that the best customer service I have had ALL 2013 has come from the Dept. of Revenue, but you guys have really impressed me. From the speed of your response to my email inquiry, to the extreme politeness and helpfulness of the associate I spoke with, you guys are really taking care of business."

— Cari S.

## 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 it may be 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, reduction, or delay. The department handled approximately 15,000 returns with this classification. This is approximately half of the correspondence generated by the department back to the taxpayer.

## 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.

Last year the department received nearly 9,850 duplicate returns. Many of these duplicate filings are a result of taxpayer confusion. They file electronically, then, having doubts about the efficacy of the electronic filing, they send a paper return to make sure that their taxes have been filed. After a duplicate filing is identified, an employee must go into the system to mark the second filing as "information only" to ensure accuracy. The department's ability to process returns more quickly has reduced this number in recent years.

## Calculation Errors

When a calculation error is detected, the return is flagged for review. This past tax season 450,000 returns were flagged in this manner. An employee must examine the return and determine whether the error is truly a calculation error; whether it is a problem with how the information was interpreted in the data-capture process; or whether data 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. The shift to electronic filing and improvements in high-speed imaging and data capture have improved accuracy markedly over the past 5 years.

## Claiming Credits Incorrectly

Sometimes taxpayers claim credits that are not substantiated or do not have proper documentation included with the return. This can cause the credit to be denied. When this occurs, an employee must contact the taxpayer to get the necessary information. In 2013, 53,000 tax returns fell into this category. Efforts are made to improve tax preparation instruction, but it is an ongoing educational process.

## Miscellaneous

The following filing issues require more time for data entry and processing:

- Unidentified checks – 35,000: The majority of these are generated by third-party bill pay services. For example, the taxpayer asks their service provider to pay an estimated bill. The service does not have a copy of the estimated payment voucher. Consequently, they submit the check with no voucher, which prevents

- the department from using its high-speed processing.
- WH-3 filed outside of legislative-mandated guidelines. These items fall into three categories.
    - Taxpayers submitting more than 25 wage statements – 800
    - Taxpayers submitting incorrect information – 10,000
    - Taxpayers submitting WH-3 with no wage statement documentation – 1,500
  - The department processed 79,000 of these low-volume returns in FY 2013. These included:
    - Multiple returns with one check or multiple checks with one return – 60 percent of the 79,000
    - Use of non-departmental payment coupons – 20 percent of the 79,000
    - These numbers have fallen 26,000 from FY 2012

Most of the improvement is a result of the electronic mandate for payroll withholding taxes.

### Solutions

Each of the above practices requires manual data entry to post a return. In addition, once a taxpayer begins using one of these erroneous practices, he often continues doing so. The department has many avenues for changing these practices. They 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 inbound customer contact, and conducting outbound customer contact for problem accounts.

Although time-consuming and expensive, this broad approach is most effective in the long run to help taxpayers learn the correct practices that will expedite the correct processing of returns. For example, the department received 8,500 returns outside of the legislative-mandated guidelines the first year of the legislative change requiring electronic filing of WH-3s with more than 25 wage statements. This year that number fell to 800. This is a direct result of a multi-channel outreach to noncompliant taxpayers.

# Tax Fraud and ID Theft

Tax fraud and identity theft are issues plaguing most states and Indiana is not an exception. The Indiana Department of Revenue is aggressively tackling this issue to create a level playing field where taxpayers pay no more and no less than what they owe the State of Indiana. Every day there are businesses in Indiana that fail to pay the taxes they owe, individuals who submit fraudulent returns in an attempt to obtain a refund to which they are not entitled, and both businesses and individuals who fail to file the appropriate tax returns. These are all real-life examples of tax fraud taking place in Indiana.

In response to the growing trend of tax fraud, the Indiana Department of Revenue is dedicating resources to tax fraud prevention, investigation, and prosecution. In FY 2013, the Indiana Department of Revenue dedicated a section of its website to the reporting of tax fraud. Citizens can report tax fraud directly to the department online or by mailing or faxing a tax fraud referral form.

The department will continue to expand its efforts by casting a wide net to combat tax fraud in Indiana. Those efforts will include:

- Partnering with state and federal agencies in the battle against tax fraud.
- Recognizing the impact identity theft has on tax fraud and creating a mechanism for victims to report identity theft.
- Implementing tools to identify fraudulent tax returns.
- Identifying processes that can be automated to allow for efficient use of department resources.

# LEGISLATIVE CHANGES

## SALES AND USE TAX (IC 6-2.5)

**Summary:** Provides that delivery charges do not include postage charges that are separately stated on the invoice, bill of sale, or similar document. Also provides that postage charges that are separately stated are not included in the definition of gross retail income.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-1-5

**Enrolled Act:** SEA 608, Sec. 1

**Summary:** Defines “postage charges” to be the purchase price of stamps or similar charges for mail or parcel delivery through the U.S. mail incurred by the seller on behalf of its customers.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-1-7.5

**Enrolled Act:** SEA 608, Sec. 2

**Summary:** Defines “advertising and promotional direct mail” to mean printed material that is direct mail, the primary purpose of which is to attract public attention to a product, a person, a business, or an organization.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-1-10.7

**Enrolled Act:** SEA 608, Sec. 3

**Summary:** Defines “other direct mail” to mean any direct mail that is not advertising and promotional direct mail. The term includes transactional direct mail that contains personal information specific to the addressee, including bills, invoices, statements of account or payroll advices, and any legally required mailings.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-1-22.2

**Enrolled Act:** SEA 608, Sec. 4

**Summary:** Enacts a use tax on gasoline and repeals the sales tax on gasoline. Provides that the use tax rate is calculated monthly by the department based on 7% of the statewide average retail price of gasoline excluding all state and federal excise taxes. A qualified distributor, a refiner, or a terminal operator that sells gasoline to a retail merchant is responsible for collecting and remitting the gasoline use tax to the department. The department may publish a list of qualified distributors on the department’s Internet website. The distributor, refiner, or terminal operator is required to remit the tax to the department semimonthly, through the department’s online tax filing system. The tax is required to be remitted by the 10th of the month for sales after the 15th and before the end of the preceding month; and on or before the 25th of the month for sales after the end of the preceding month and before the 16th day on the month in which the gasoline was sold. The refiner, terminal operator, or qualified distributor is required to file a report covering the taxes owed and the gallons of gasoline sold during the preceding month. The gasoline use tax collected shall be deposited in the same manner as the sales and use taxes under IC 6-2.5-10-1. The gasoline use tax is considered the equivalent of the sales tax that would be collected by a retail merchant and replaces the obligation of the retail merchant to collect the sales tax on the sale of gasoline. The exemptions provided in IC 6-2.5-5 apply to the gasoline use tax.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-3.5

**Enrolled Act:** SEA 479, Sec. 1

**Summary:** Requires the department to publish before June 30, 2014, the gasoline use tax rate that will apply to the sales of gasoline occurring in July 2014. Requires each retail merchant to take an inventory of gasoline they have in storage on July 1, 2014. Each retail merchant is required to remit to the department the product of the number of gallons in storage multiplied by the gasoline use tax rate that is in effect on July 1, 2014. The retail merchant is also required to remit the amount due on or before Aug. 1, 2014.

**Effective date:** Jan. 1, 2014

**Code:** SEA 479 NONCODE SECTION 21

### What Indiana Taxpayers Have to Say

“Dear Royce M., I wish to compliment your staff at IRP. Over the years, I have always experienced excellent service whenever the need has arisen to call. Everyone is always courteous and helpful.”  
– Jeff G.

**Summary:** Provides that in the case of the sales of gasoline, a person shall collect the gasoline use tax as provided in IC 6-2.5-3.5. Deletes references to the sales of gasoline in determining the gross retail income for sales tax purposes.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-4-1

**Enrolled Act:** SEA 479, Sec. 2

**Summary:** Deletes a reference to a military base recovery site tax credit, which is repealed.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-2.5-4-5

**Enrolled Act:** HEA 1545, Sec. 28

### What Indiana Taxpayers Have to Say

"Every employee I have dealt with here [MCS] has been so helpful, polite, and professional. Establishing a new business has been very trying, and they have made it so much more pleasant. Thank you!"

– Debbie W.

**Summary:** Provides that the sales tax exemption for governmental entities includes the rental of accommodations when performing a governmental function.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-2.5-5-16

**Enrolled Act:** HEA 1546, Sec. 4

**Summary:** Deletes the sales tax exemption for blood glucose monitoring equipment and devices.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-5-18

**Enrolled Act:** SEA 608, Sec. 5

**Summary:** Provides that blood glucose monitoring supplies, including blood glucose meters, measuring strips, lancets, and other similar diabetic supplies, are exempt from the sales tax whether they are sold or distributed as drug samples.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-5-19.5

**Enrolled Act:** SEA 608, Sec. 6

**Summary:** Technical change to eliminate outdated language.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-5-21

**Enrolled Act:** HEA 1546, Sec. 5

**Summary:** Provides that a nonprofit organization that is not organized for social purposes can purchase accommodations exempt from sales tax if the accommodations are used to carry on or raise money to carry on the nonprofit's purpose.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-2.5-5-25

**Enrolled Act:** HEA 1546, Sec. 6

**Summary:** Provides that alternative fuel used in public transportation is not exempt from the sales tax unless the person engaged in public transportation is a public transportation corporation providing transportation for persons. This provision expires on Dec. 31, 2016.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-2.5-5-27

**Enrolled Act:** HEA 1324, Sec. 4

**Summary:** Adds a definition of "research and development property" to mean tangible personal property that is acquired for the purpose of research and development activities devoted to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products. Provides that the purchase of research and development property is exempt from the sales tax. The exemption applies regardless of whether the purchaser is a manufacturer or seller of the new or existing products.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-5-40

**Enrolled Act:** HEA 1545, Sec. 29

### What Indiana Taxpayers Have to Say

"Thank you so much for all your help, Jodie C.! We really appreciate this office [Columbus DO] and your helpfulness, professionalism, and courtesy."

– Jim and Amy W.

**Summary:** Eliminates the requirement that an aircraft be registered in another country and weigh more than 5,000 pounds to be eligible for the sales tax exemption concerning the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or avionics system.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-5-46

**Enrolled Act:** HEA 1545, Sec. 30

**Summary:** Defines “aviation fuel” as gasoline, jet fuel, or a synthetic fuel used to power an aircraft. Exempts the purchase of aviation fuel from the sales tax.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-5-49

**Enrolled Act:** HEA 1545, Sec. 31

**Summary:** Provides that persons responsible for remitting the gasoline use tax are entitled to the same collection allowance as other retailers. A retail merchant is not entitled to the collection allowance with respect to the gasoline use tax.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-6-10

**Enrolled Act:** SEA 479, Sec. 3

**Summary:** Deletes references to gasoline and other definitions that no longer apply in the chapter concerning the sales tax on gasoline and special fuel.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-7-1

**Enrolled Act:** SEA 479, Sec. 4

**Summary:** Deletes references to gasoline in regards to a retail merchant selling gasoline and special fuel.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-7-2

**Enrolled Act:** SEA 479, Sec. 5

**Summary:** Provides that a retailer may not dispense an alternative fuel from a metered pump that is designated for exempt trucks only. This provision expires on Dec. 31, 2016.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-2.5-7-2.5

**Enrolled Act:** HEA 1324, Sec. 5

**Summary:** Deletes language concerning the collection of sales tax on gasoline.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-7-3

**Enrolled Act:** SEA 479, Sec. 6

**Summary:** Reinstates language that was inadvertently repealed in 2012. The reinstated language clarifies that a retail merchant that has prepaid the sales tax on gasoline gets a credit for the amount prepaid when they file their monthly sales tax return.

**Effective date:** July 1, 2012 (RETROACTIVE)

**Code:** IC 6-2.5-7-5

**Enrolled Act:** HEA 1546, Sec. 7

#### What Indiana Taxpayers Have to Say

“Dear Kathy T., my wife and I wish to thank you for your help. During our phone conversation, you were helpful and informative and, frankly, turned an unpleasant situation into a pleasant experience. We both appreciate your prompt attention and response to our request.”

– Greg and Sue S.

**Summary:** Reinstates language that was inadvertently repealed in 2012. The reinstated language provides that a retail merchant may receive a refund if the amount of prepaid sales tax on gasoline exceeds the total monthly sales tax liability of the retail merchant.

**Effective date:** July 1, 2012 (RETROACTIVE)

**Code:** IC 6-2.5-7-6.5

**Enrolled Act:** HEA 1546, Sec. 8

**Summary:** REPEALS sections concerning the prepaid sales tax on gasoline.

**Effective date:** July 1, 2014

**Code:** IC 6-2.5-7-7 through IC 6-2.5-7-15

**Enrolled Act:** SEA 479, Sec. 9-17

**Summary:** Reinstates language that was inadvertently repealed in 2012. The language is a technical change concerning a distributor’s ability to claim a refund if the distributor prepaid the sales tax and then later sold the gasoline for an exempt purpose.

**Effective date:** July 1, 2012 (RETROACTIVE)

**Code:** IC 6-2.5-7-12

**Enrolled Act:** HEA 1546, Sec. 9

**Summary:** Provides that if a retail merchant has been notified that he is delinquent in remitting withholding or sales taxes and the retail merchant pays the outstanding liability before the expiration of the retail merchant certificate, the department shall renew the retail merchant’s certificate for one year instead of two years. The two-year renewal is automatic if the retail merchant has no outstanding tax liabilities.

**Effective date:** Jan. 1, 2014  
**Code:** IC 6-2.5-8-1  
**Enrolled Act:** HEA 1546, Sec. 10

**Summary:** Provides that the department may revoke a retail merchant's certificate if the retail merchant commits certain violations relating to synthetic drugs.

**Effective date:** Upon Passage

**Code:** IC 6-2.5-8-7

**Enrolled Act:** SEA 85, Sec. 21; SEA 536, Sec. 2

**Summary:** Provides that a retail merchant who makes a retail transaction without a valid retail merchant's certificate commits a Class A misdemeanor. Previously, the offense was a Class B misdemeanor.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-9-2

**Enrolled Act:** HEA 1546, Sec. 11

**Summary:** Reduces the percentage of sales and use tax that goes to the general fund by 1% and deposits 1% in the motor vehicle highway account.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-10-1

**Enrolled Act:** HEA 1001, Sec. 78

**Summary:** Provides that direct mail will be sourced according to IC 6-2.5-13-3.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-13-1

**Enrolled Act:** SEA 608, Sec. 7

**Summary:** Provides that advertising and promotional direct mail will be sourced according to this section. Other direct mail will be sourced according to IC 6-2.5-13-1(d)(3).

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-13-3

**Enrolled Act:** SEA 608, Sec. 8

**Summary:** Establishes an amnesty program for taxpayers having an unpaid use tax liability for a claiming transaction concerning a race horse on a transaction occurring before June 1, 2012. The taxpayer must pay the tax or establish a payment agreement before Jan. 1, 2014. If payment is made, the department shall abate all penalties, interest, collection fees, and costs.

The department also shall release any liens imposed, shall not seek civil or criminal prosecution, and shall not issue any assessment for which amnesty has been granted.

**Effective date:** July 1, 2013

**Code:** IC 6-2.5-14

**Enrolled Act:** HEA 1001, Sec. 79

#### What Indiana Taxpayers Have to Say

"The auditor [Nicci M.] was excellent in every way. I appreciated her input and clarifying certain regulations in order that I might become more efficient in administering and learn from the process. Very approachable."

— Sue J.

#### ADJUSTED GROSS INCOME TAX (IC 6-3)

**Summary:** Eliminates the following addbacks for purposes of determining adjusted gross income:

- Qualified restaurant property, qualified leasehold property, qualified retail improvement property, and seven-year property for a motorsports entertainment complex.
- Expensing of environmental remediation costs
- Charitable contribution of a distribution from an individual retirement plan
- Qualified tuition and related expenses
- Certain expenses of elementary and secondary school teachers
- Employer-provided education expenses
- Qualified advanced mine safety equipment
- Qualified transportation fringe benefits that exceed \$100 per month
- Additional deduction for student loan interest
- Additional business startup expenditures
- Net recognized built-in gain for an S corporation

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** IC 6-3-1-3.5

**Enrolled Act:** HEA 1001, Sec. 80

**Summary:** Provides that the following addbacks to adjusted gross income do not apply to tax years beginning after Dec. 31, 2011 (Tax Year 2012 for individuals and CY corporations):

- Qualified tuition and related expenses
- Charitable contribution of a distribution from an individual retirement account

- Qualified transportation fringe benefits that exceed \$100 per month
- Qualified restaurant property, qualified leasehold property, qualified retail improvement property, and seven-year motorsports entertainment complex property
- Qualified advanced mine safety equipment
- Recognized built-in gains of an S corporation

Requires the department to prescribe forms to implement this provision.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** HEA 1001 NONCODE SECTION 361

### What Indiana Taxpayers Have to Say

"I just got off the phone with Shannon S. Let me say that she assisted me with two matters, and it was the most pleasant call I have ever had with Indiana..."

– Terry S.

**Summary:** Updates the Indiana Code to correspond to the Internal Revenue Code as in effect on Jan. 1, 2013.

Provides that amendments to P.L. 111-312 that were treated as though they were not amended only apply to a taxable year ending before Jan. 1, 2013.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** IC 6-3-1-11

**Enrolled Act:** HEA 1001, Sec. 81

**Summary:** Provides that for 2015 and 2016, the individual income tax rate is reduced to 3.3%. Provides that for 2017 and thereafter, the rate is reduced to 3.23%.

**Effective date:** July 1, 2013

**Code:** IC 6-3-2-1

**Enrolled Act:** HEA 1001, Sec. 82

**Summary:** Deletes a reference to a military base recovery site tax credit, which is repealed.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3-2-1.5

**Enrolled Act:** HEA 1545, Sec. 32

**Summary:** Provides the method for apportioning income derived from motorsports racing for corporations and nonresidents. Any purse, prize money, or other amounts earned for placement or participation in a race (including qualification) shall be attributed to Indiana if the race is

conducted in Indiana. Any amounts received from an individual or entity as a result of sponsorship or similar promotional consideration for one or more races shall be in Indiana in the amount received, multiplied by a fraction whose numerator is the number of racing events for which sponsorship has been paid in a taxable year and that occur in Indiana and whose denominator is the total number of racing events for which sponsorship has been paid in a taxable year. This language is intended to be a clarification of the law and not a substantive change in the law.

**Effective date:** July 1, 2013

**Code:** IC 6-3-2-2

**Enrolled Act:** HEA 1544, Sec. 7

**Summary:** Apportions the income of race team members. Defines a "bonus" to include a bonus earned as a result of participation in a racing event, such as a performance bonus. Also includes a bonus paid for signing a contract, unless the following is true: the payment is not conditioned upon the signee participating in a racing event, the bonus is payable separately from the salary and any other compensation, and the bonus is nonrefundable. Defines "Indiana duty days" as the total duty days spent by a race team member within Indiana rendering a service for the race team in any manner. This does not include travel days spent in Indiana that do not involve a race, a team meeting, practice, qualification, training, testing, a promotional caravan, or other similar race team event. Defines "total duty days" as race days, practice days, qualification days, training days, testing days, days spent at team meetings, days spent with a promotional caravan, and days served with the team in which the team competes. Also includes travel days and days spent conducting training and rehabilitation activities, but only if the service is conducted at facilities of the race team. Defines "race team member" as employees or independent contractors who render services on behalf of the race team. It includes drivers, mechanics, pit crew members, technicians, spotters, and crew chiefs. Defines "total income" as the total compensation received during the taxable year for services rendered. It includes salaries, wages, bonuses, and any other type of compensation paid to a race team member. It does not include strike benefits; severance or termination pay; relocation, contract, option-year buyout, or expansion, payments; or any other payments not related to services rendered

to the team. Indiana income is the individual's total income during the taxable year multiplied by a fraction. The numerator is the individual's Indiana duty days; the denominator is the total duty days for the taxable year.

**Effective date:** July 1, 2013

**Code:** IC 6-3-2-3.2

**Enrolled Act:** HEA 1544, Sec. 8

**Summary:** Technical change to clarify that if a withholding agent's annual withholding tax liability is less than \$1,000, the withholding agent is permitted to file one annual return.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** IC 6-3-4-8

**Enrolled Act:** HEA 1546, Sec. 12

**Summary:** Provides that a partnership will not be penalized for failure to file a return, pay the full amount of tax shown on the return, or pay the deficiency of the withholding taxes due if the partnership pays the department at least 80% of the withholding tax due for the current year or 100% of the withholding tax due for the preceding year before the 15th day of the fourth month after the end of the partnership's taxable year.

**Effective date:** July 1, 2013

**Code:** IC 6-3-4-12

**Enrolled Act:** HEA 1546, Sec. 13

**Summary:** Provides that an S corporation will not be penalized for failure to file a return, pay the full amount of tax shown on the return, or pay the deficiency of the withholding taxes due if the S corporation pays the department at least 80% of the withholding tax due for the current year or 100% of the withholding tax due for the preceding year before the 15th day of the fourth month after the end of the S corporation's taxable year.

**Effective date:** July 1, 2013

**Code:** IC 6-3-4-13

**Enrolled Act:** HEA 1546, Sec. 14

### What Indiana Taxpayers Have to Say

"For a computer dummy, this [INtax] was fairly easy. Kudos to Mike H. He is a saint for helping an old guy step-by-step!! Thank you so much, DOR!!"  
– Richard S.

### INCOME TAX CREDITS (IC 6-3.1)

**Summary:** Deletes the references to the military base recovery tax credit, the military base investment cost credit, and the capital investment tax credit in the section that limits an investment being eligible for multiple credits.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-1-3

**Enrolled Act:** HEA 1545, Sec. 33

**Summary:** Changes a reference from "board" to "corporation."

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-11-1

**Enrolled Act:** HEA 1545, Sec. 34

**Summary:** REPEALS language that defined "board" as the IEDC.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-11-2

**Enrolled Act:** HEA 1545, Sec. 35

**Summary:** Adds a section to define "corporation" as the IEDC.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-11-2.5

**Enrolled Act:** HEA 1545, Sec. 36

**Summary:** Deletes a reference to a repealed section concerning a qualified investment.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-11-10

**Enrolled Act:** HEA 1545, Sec. 37

**Summary:** Deletes the requirement that a vacant industrial facility has to be vacant for at least one year.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-11-15

**Enrolled Act:** HEA 1545, Sec. 38

**Summary:** REPEALS the section that dealt with requirements that must be met to be a vacant industrial facility.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-11-18

**Enrolled Act:** HEA 1545, Sec. 39

**Summary:** Eliminates some of the factors that the IEDC will consider in the granting of applications when determining whether a facility is a vacant industrial facility.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-11-19  
**Enrolled Act:** HEA 1545, Sec. 40

**Summary:** REPEALS language concerning industrial recovery site designation.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-11-20

**Enrolled Act:** HEA 1545, Sec. 41

### What Indiana Taxpayers Have to Say

"I am new to trucking. Both Stewart F. and Jean L. explained things in detail and were extremely helpful. I was very pleased with their service."  
— David E.

**Summary:** Technical change to the section dealing with a taxpayer that has reduced or ceased operations in Indiana to relocate to an industrial recovery site.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-11-21

**Enrolled Act:** HEA 1545, Sec. 42

**Summary:** Changes the reference from "board" to "corporation."

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-11-23

**Enrolled Act:** HEA 1545, Sec. 43

**Summary:** REPEALS the military base recovery tax credit.

**Effective date:** Jan. 1, 2014  
**Code:** IC 6-3.1-11.5

**Enrolled Act:** HEA 1545, Sec. 44

**Summary:** REPEALS the military base investment cost credit.

**Effective date:** Jan. 1, 2014  
**Code:** IC 6-3.1-11.6

**Enrolled Act:** HEA 1545, Sec. 45

**Summary:** Provides that the IEDC shall provide to the budget committee a report specifying the amount of EDGE credits granted during the preceding fiscal year.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-13-28

**Enrolled Act:** HEA 1001, Sec. 83

**Summary:** REPEALS the capital investment tax credit.

**Effective date:** Jan. 1, 2014  
**Code:** IC 6-3.1-13.5

**Enrolled Act:** HEA 1545, Sec. 46

**Summary:** REPEALS the definition of "buddy system project" for computer donations to schools.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)  
**Code:** IC 6-3.1-15-1

**Enrolled Act:** HEA 1427, Sec. 4

**Summary:** Delete the reference to the "buddy system project" in the computer donation to schools tax credit.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)  
**Code:** IC 6-3.1-15-12; IC 6-3.1-15-17

**Enrolled Act:** HEA 1427, Sec. 5 and 6

**Summary:** Technical change that deletes language concerning the tax credit cap for the venture capital investment tax credit.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-24-9

**Enrolled Act:** HEA 1545, Sec. 47

**Summary:** REPEALS the coal combustion tax credit.

**Effective date:** Jan. 1, 2014  
**Code:** IC 6-3.1-25.2

**Enrolled Act:** HEA 1545, Sec. 48

**Summary:** REPEALS the definition of "base state tax liability" for the Hoosier Business Investment (HBI) tax credit.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-26-1

**Enrolled Act:** HEA 1545, Sec. 49

**Summary:** REPEALS the definition of "full-time employee" in the HBI credit.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-26-4

**Enrolled Act:** HEA 1545, Sec. 50

**Summary:** Adds logistics investments as qualified investments for the HBI credit.

**Effective date:** July 1, 2013  
**Code:** IC 6-3.1-26-8

**Enrolled Act:** HEA 1545, Sec. 51

### What Indiana Taxpayers Have to Say

"I want to express my gratitude to Stewart B. and John K. on the way they conducted the Indiana audit. Every issue was discussed thoroughly and presented to us in a professional manner. I strongly felt that I was dealing with individuals whom I could trust and were very fair in their determination of the correct Indiana tax. It was a true pleasure working with these individuals. All auditors should strive to be like Stewart and John."

— Abe R.

**Summary:** Defines "logistics investment" to mean:

- Making an improvement to real property related to constructing a new transportation or logistics facility;
- Modernizing an existing transportation or logistics facility;
- Improving paved access to terminal facilities;
- Adding new maintenance areas;
- Improving transportation of goods by rail;
- Improving transportation of goods by water;
- Improving transportation of goods by air; and
- Improving warehousing and logistical capabilities.

A logistics investment does not include maintenance expenses.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-8.5

**Enrolled Act:** HEA 1545, Sec. 52

**Summary:** Provides that the HBI tax credit can be 25% of the qualified investment if the investment is a logistics investment.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-14

**Enrolled Act:** HEA 1545, Sec. 53

**Summary:** Eliminates a reference that states the credit cannot exceed 10% of the qualified investment.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-15

**Enrolled Act:** HEA 1545, Sec. 54

**Summary:** Provides that a person seeking to substantially enhance the logistics industry may apply to the IEDC for approval of a qualified investment.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-17

**Enrolled Act:** HEA 1545, Sec. 55

**Summary:** Provides that the IEDC may enter into an agreement with a person who is proposing to substantially enhance the logistics industry.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-18

**Enrolled Act:** HEA 1545, Sec. 56

**Summary:** Provides that the total amount of HBI tax credits that the IEDC may approve for a state fiscal year may not exceed \$50,000,000 for qualified investments not related to the logistics industry and may not exceed \$10,000,000 for qualified investments related to the logistics industry.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-20

**Enrolled Act:** HEA 1545, Sec. 57

**Summary:** Clarifies that certain qualifications and reporting requirements apply only to entities that are not claiming the logistics investment credit.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-21

**Enrolled Act:** HEA 1545, Sec. 58

### What Indiana Taxpayers Have to Say

"I called into the department frustrated and angry. My call was answered by Linda P. She was kind and understanding and allowed me to vent and did not get defensive. She resolved the issue effectively and efficiently. I greatly appreciate her professionalism and her commitment to a job well done."

— Tiffany R.

**Summary:** Requires the department to report to the budget committee information concerning logistic investments, including summary information regarding the taxpayers claiming the credit and the use of the credit. This includes the following:

- The amount of credits approved;
- The number of taxpayers applying for the credit;
- The number of taxpayers claiming it;
- The number of employees employed;
- The amount of new qualified expenditures;
- The total dollar amount of new credits claimed;
- The average dollar amount per taxpayer;
- The amount of credits to be carried forward;
- The percentage of the total credits claimed as compared to the total adjusted gross income of all the taxpayers claiming the credit;

- The name and address of each taxpayer claiming the credit; and
- The amount of the credit applied for by and granted to each taxpayer.

This information must be reported annually.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-26-25

**Enrolled Act:** HEA 1545, Sec. 59

**Summary:** Expands the definition of “corporate headquarters” in the headquarters relocation tax credit to include the principal offices of a division or similar subdivision of an eligible business or a research and development center of an eligible business.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30-1

**Enrolled Act:** HEA 1545, Sec. 60

**Summary:** Adds the definition of “corporation” to mean the IEDC.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30-1.5

**Enrolled Act:** HEA 1545, Sec. 61

**Summary:** Reduces the annual worldwide revenue requirements of a business that wants to claim the headquarters relocation credit from \$100,000,000 to \$50,000,000.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30-2

**Enrolled Act:** HEA 1545, Sec. 62

**Summary:** Provides that the IEDC will approve the eligibility of a business before the headquarters relocation credit is awarded.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30-7.5

**Enrolled Act:** HEA 1545, Sec. 63

**Summary:** Provides that if the IEDC certifies that the taxpayer is an eligible business, the taxpayer is entitled to the credit.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30-8

**Enrolled Act:** HEA 1545, Sec. 64

**Summary:** Provides that the IEDC may award a headquarters relocation to a taxpayer and that the credit can be up to 50% of the relocation costs.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30-9

**Enrolled Act:** HEA 1545, Sec. 65

**Summary:** Provides that the school scholarship income tax credit can be carried forward for nine years after the unused credit year.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** IC 6-3.1-30.5-9.5

**Enrolled Act:** HEA 1003, Sec. 2

**Summary:** Increases the maximum annual school scholarship tax credit for all taxpayers from \$5,000,000 to \$7,500,000.

**Effective date:** July 1, 2013

**Code:** IC 6-3.1-30.5-13

**Enrolled Act:** HEA 1001, Sec. 84

**Summary:** Provides an income tax credit for natural gas-powered vehicles. The credit applies only to vehicles weighing more than 33,000 pounds. The credit can be applied against the adjusted gross income tax, the financial institutions tax, and the insurance premium tax. The amount of the credit is the difference between the price of the qualified vehicle and the price of a similarly equipped vehicle that is powered by a gasoline or diesel engine. The difference is then multiplied by 50%. The credit is the lesser of 50% of the difference or \$15,000. The total amount of tax credits granted to a taxpayer in a taxable year is limited to \$150,000. The total of all credits for all taxpayers may not exceed either \$3,000,000 per year or the amount of revenue attributed to the sales tax imposed on fuel used to power an alternative fuel vehicle engaged in public transportation, whichever is less. The department shall record the time

of filing of each return claiming a credit. If the total claims exceed the amount available, those claims that exceed the amount available will not be granted. The credit may be carried forward for six taxable years.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-3.1-34.6

**Enrolled Act:** HEA 1324, Sec. 6

### What Indiana Taxpayers Have to Say

“I work for a CPA firm, and we require assistance for our clients on a regular basis. This office [Lafayette] is always very helpful!”

– Brenda J.

## LOCAL OPTION INCOME TAXES (IC 6-3.5-1.1; IC 6-3.5-6; IC 6-3.5-7)

**Summary:** Provides new effective dates for ordinances adopted to increase, decrease, or rescind a local option income tax. An ordinance adopted after December 31 and before September 1 takes effect on October 1. An ordinance adopted after August 31 and before November 1 takes effect on January 1 of the following year. Provides that if the commissioner determines that an ordinance was not adopted according to the requirements of the statute or is otherwise not in compliance with the statute, the commissioner shall notify the county auditor that the ordinance was not adopted according to the statute and specify the corrective action that must be taken. The ordinance does not take effect until the corrective action is taken.

**Effective date:** July 1, 2013

**Code:** IC 6-3.5-1.1-1.5; IC 6-3.5-6-1.5; IC 6-3.5-7-4.9

**Enrolled Act:** SEA 544, Sec. 2, 12, and 26; SEA 85, Sec. 24

**Summary:** Requires a county auditor to notify the department of the adoption of an ordinance through an electronic format and eliminates the ability to send the notification through certified mail.

**Effective date:** July 1, 2013

**Code:** IC 6-3.5-1.1-2; IC 6-3.5-1.1-3; IC 6-3.5-1.1-3.1; IC 6-3.5-1.1-4; IC 6-3.5-1.1-24; IC 6-3.5-1.1-25; IC 6-3.5-1.1-26; IC 6-3.5-6-8; IC 6-3.5-6-9; IC 6-3.5-6-11; IC 6-3.5-6-12; IC 6-3.5-6-12.5; IC 6-3.5-6-28; IC 6-3.5-6-29; IC 6-3.5-6-30; IC 6-3.5-6-31; IC 6-3.5-6-32; IC 6-3.5-6-33; IC 6-3.5-7-5; IC 6-3.5-7-6; IC 6-3.5-7-7; IC 6-3.5-7-27

**Enrolled Act:** SEA 544, Sec. 3-6, 9-11, 13-17, 20-25, 27-29, 32; SEA 85, Sec. 23

**Summary:** Extends the Jackson County additional county adjusted gross income tax until Dec. 31, 2023. The original increase of .1% expired on June 30, 2011.

**Effective date:** July 1, 2013

**Code:** IC 6-3.5-1.1-2.5

**Enrolled Act:** HEA 1546, Sec. 15

**Summary:** Extends the Pulaski County additional county adjusted gross income tax until Dec. 31, 2020. The original increase of .3% expired on Dec. 31, 2006.

**Effective date:** July 1, 2013

**Code:** IC 6-3.5-1.1-3.5

**Enrolled Act:** HEA 1546, Sec. 16

**Summary:** Validates and legalizes the Jackson County additional tax that was collected between July 1, 2011, and July 1, 2013.

**Effective date:** July 1, 2013

**Code:** IC 6-3.5-1.1-27

**Enrolled Act:** HEA 1546, Sec. 17

**Summary:** Validates and legalizes the Pulaski County additional tax that was collected between the eight years that were originally authorized and July 1, 2013.

**Effective date:** July 1, 2013

**Code:** IC 6-3.5-1.1-28

**Enrolled Act:** HEA 1546, Sec. 18

### What Indiana Taxpayers Have to Say

"Dear Ms. Ashlee A., I want to thank you for your prompt attention to my email. Driving to Indianapolis at this time would have been a physical and financial burden, and I am truly grateful for your help. I initially anticipated that working between two departments of government might be a nightmare. But you were so helpful and courteous you have restored my faith. Thanks again."

– Constance E.

## INHERITANCE AND ESTATE TAXES (IC 6-4.1)

**Summary:** Repeals the inheritance tax for deaths occurring after Dec. 31, 2012. Amends the inheritance tax refund statute (IC 6-4.1-10-1), including the requirement to use the refund claim form prescribed by the department (Form IH-5.)

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** IC 6-4.1

**Enrolled Act:** HEA 1001, Sec. 99-123

## FINANCIAL INSTITUTIONS TAX (IC 6-5.5)

**Summary:** Eliminates the following addbacks when determining the adjusted gross income for a financial institution:

- Qualified restaurant property, qualified leasehold property, qualified retail improvement property, and seven-year property for a motorsports entertainment complex

- Expensing of environmental remediation costs
- Qualified advanced mine safety equipment
- Additional business startup expenditures
- Net recognized built-in gain for an S corporation

**Effective date:** Jan. 1, 2013 (RETROACTIVE)]

**Code:** IC 6-5.5-1-2

**Enrolled Act:** HEA 1001, Sec. 124

**Summary:** Provides that the following addbacks to determine adjusted gross income of a financial institution do not apply to tax years beginning after Dec. 31, 2011 (Tax Year 2012 for CY financial institutions):

- Qualified restaurant property, qualified leasehold property, qualified retail improvement property, and seven-year motorsports entertainment complex property
- Qualified advanced mine safety equipment
- Recognized built-in gains of an S corporation

Requires the department to prescribe forms to implement this provision.

**Effective date:** Jan. 1, 2013 (RETROACTIVE)

**Code:** HEA 1001 NONCODE SECTION 362

**Summary:** Reduces the financial institutions tax rate from 8.5% to 8.0% for taxable years beginning after Dec. 31, 2013. Continues the 0.5% reduction for each year until Jan. 1, 2017, when the rate will be 6.5%.

**Effective date:** July 1, 2013

**Code:** IC 6-5.5-2-1

**Enrolled Act:** HEA 1018, Sec. 5

**Summary:** Changes the calculation of the supplemental distribution of the financial institutions tax to local units of government. The new formula is 40% of the total financial institutions tax revenue multiplied by a fraction. The numerator is the amount of guaranteed distribution that a local unit received in 2012; the denominator is the total amount of guaranteed distributions received by all local units in 2012.

**Effective date:** July 1, 2013

**Code:** IC 6-5.5-8-2

**Enrolled Act:** HEA 1001, Sec. 125

**Summary:** Provides that the guaranteed distribution will be determined semiannually in April and October of each year instead of quarterly.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-5.5-8-3

**Enrolled Act:** HEA 1001, Sec. 126

## **GASOLINE AND SPECIAL FUEL TAXES (IC 6-6-1.1 AND IC 6-6-2.5)**

**Summary:** REPEALS the chapter concerning special fuel tax.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-2.1

**Enrolled Act:** HEA 1324, Sec. 7

**Summary:** Adds liquid natural gas to the definition of alternative fuel.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-2.5-1

**Enrolled Act:** HEA 1324, Sec. 8

**Summary:** Adds alternative fuel to the definition of special fuel.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-2.5-22

**Enrolled Act:** HEA 1324, Sec. 9

**Summary:** Provides that the special fuel tax of \$0.16 per gallon applies to the diesel gallon equivalent for natural gas and the gasoline gallon equivalent for compressed natural gas, or a fuel commonly known as butane or propane.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-2.5-28

**Enrolled Act:** HEA 1324, Sec. 10

**Summary:** Defines a "truck stop" as a place of business designed for providing services to trucks and truck drivers, including selling fuel to truck drivers and providing support facilities for truck drivers.

**Effective date:** July 1, 2013

**Code:** IC 6-6-2.5-26.5

**Enrolled Act:** SEA 479, Sec. 18

**Summary:** Requires a truck stop owner to obtain a truck stop owner's license from the department. The license is valid for two years.

**Effective date:** July 1, 2013

**Code:** IC 6-6-2.5-41

**Enrolled Act:** SEA 479, Sec. 19

## **MOTOR CARRIER FUEL USE TAX (IC 6-6-4.1)**

**Summary:** Defines the terms "diesel gallon equivalent," "gasoline gallon equivalent," "alternative fuel," and "special fuel" in the motor carrier fuel use tax statute.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-4.1-1

**Enrolled Act:** HEA 1324, Sec. 11

### What Indiana Taxpayers Have to Say

"We were registering for a retail business license and had no idea what we were doing. Debbie S. was helpful, courteous, and patient! Great experience!"

— Christine G.

**Summary:** Imposes the motor carrier fuel use tax on vehicles using liquid natural gas or compressed natural gas.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-4.1-4

**Enrolled Act:** HEA 1324, Sec. 12

**Summary:** Imposes the motor carrier fuel use tax surcharge tax on vehicles using liquid natural gas or compressed natural gas.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-4.1-4.5

**Enrolled Act:** HEA 1324, Sec. 13

**Summary:** Provides that a yard tractor that has obtained an annual permit under the motor carrier fuel use tax is not required to display a license plate when the vehicle is being operated on a public highway.

**Effective date:** July 1, 2013

**Code:** IC 6-6-4.1-13

**Enrolled Act:** SEA 563, Sec. 1

**Summary:** Deletes archaic language contained in the commercial motor vehicle excise tax statute.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-5.5-3, IC 6-6-5.5-4, IC 6-6-5.5-5, IC 6-6-5.5-6, IC 6-6-5.5-7, IC 6-6-5.5-9

**Enrolled Act:** HEA 1546, Sec. 20-25

### MISCELLANEOUS FUEL TAX PROVISIONS (IC 6-6)

**Summary:** Provides a road tax credit for motor carriers consuming compressed natural gas. The credit is equal to 12% of the road taxes imposed upon the carrier's consumption of compressed natural gas. The credit is refundable.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-6-12

**Enrolled Act:** HEA 1324, Sec. 14

**Summary:** Establishes the aviation fuel excise tax. The tax is \$0.10 per gallon for aviation fuel purchased in Indiana. The retailer will add the tax to the selling price of each gallon of fuel sold. The sale of the fuel is exempt if

it is placed into the supply tank of an aircraft owned by the U.S. or its instrumentalities, the state of Indiana, the Indiana Air National Guard, or a common carrier of passengers or freight. A purchaser of exempt fuel must present an exemption certificate to the retailer. A retailer shall remit the tax to the department by the 16th day of the month following the calendar month in which the sales occurred. The retailer must remit the tax by EFT and may retain 1.6% of the tax collected for timely remittance. A person who knowingly fails to collect or timely remit the tax is subject to a penalty of 100% of the uncollected tax plus the amount of tax due. The aviation fuel excise tax that is collected will be deposited in the state general fund.

**Effective date:** July 1, 2013

**Code:** IC 6-6-13

**Enrolled Act:** HEA 1545, Sec. 67

### CIGARETTE AND OTHER TOBACCO PRODUCTS TAX (IC 6-7-1 AND IC 6-7-2)

**Summary:** Reduces the cigarette tax distribution to the retiree health benefit trust fund from 5.74% to 4% of the total cigarette and other tobacco products taxes collected. Increases the percentage that the general fund receives by a corresponding percentage.

**Effective date:** July 1, 2013

**Code:** IC 6-7-1-28.1

**Enrolled Act:** HEA 1001, Sec. 128

**Summary:** Provides that a person selling other tobacco products through an Internet website is responsible for remitting the other tobacco products tax to the department.

**Effective date:** July 1, 2013

**Code:** IC 6-7-2-7

**Enrolled Act:** HEA 1001, Sec. 129

**Summary:** Provides that a person selling other tobacco products through an Internet website must obtain a distributor's license.

**Effective date:** July 1, 2013

**Code:** IC 6-7-2-8

**Enrolled Act:** HEA 1001, Sec. 130

### What Indiana Taxpayers Have to Say

“Over the years I have been in business, I needed lots of help, especially in the beginning. Everyone in this office [Bloomington] have been very professional and helpful. Thank you so much for all the help I have been given by your staff here.”

— Victoria C.

## MISCELLANEOUS TAXES (IC 6-8)

**Summary:** Adds a new chapter concerning disaster recovery exemptions. Provides that an Indiana business may request and receive assistance from an out-of-state business to perform disaster emergency-related work during a disaster period. “Disaster-related work” means repairing, renovating, installing, or building infrastructure that is damaged, impaired, or destroyed by an event that caused a disaster emergency to be declared. Infrastructure includes utilities and public roads and bridges. An out-of-state business that enters Indiana to perform work shall, upon request, provide the department with a statement that the business is in Indiana to respond to a disaster emergency. An out-of-state business that performs disaster emergency-related work is exempt from the following:

- Paying any state or local taxes including income taxes;
- Complying with state or local business, occupational licensing, or registration requirements;
- Providing worker’s compensation insurance; and
- Making contributions to the unemployment compensation system.

An out-of-state employee is exempt from any state or local income taxes. Unless otherwise exempted during a disaster period, an out-of-state business or out-of-state employee shall pay transaction taxes including fuel taxes, hotel taxes, car rental taxes, and sales tax on the purchase of materials or services for use or consumption during the disaster period.

**Effective date:** July 1, 2013

**Code:** IC 6-8-13

**Enrolled Act:** HEA 1546, Sec. 26

**Summary:** Adds the motorsports admission fee. Imposes an admission fee for tickets purchased for a race day at a qualified motorsports facility. The fee is imposed on each person who is charged for admission to a qualified motorsports facility on a race day. The fee is imposed at the following rates: 6% if the admission

charge is \$150 or more, 3% if the admission charge is \$100 or more but less than \$150, and 2% on any admission charge less than \$100. The fee does not apply to any amount charged for parking at a qualified motorsports facility. The person who collects the admission fee shall remit the fee to the department by the 15th day of the month following the month of collection. The fee shall be deposited in the state general fund.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-8-14

**Enrolled Act:** HEA 1544, Sec. 9

## TAX ADMINISTRATION (IC 6-8.1)

**Summary:** Deletes the alternative fuel permit fee from the definition of listed taxes and fees.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-8.1-1-1

**Enrolled Act:** HEA 1324, Sec. 15

**Summary:** Provides that the aviation fuel excise tax is a listed tax.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-1-1

**Enrolled Act:** HEA 1544, Sec. 68

**Summary:** Defines “secure electronic delivery service” to mean a service that employs security procedures to provide, send, deliver, or otherwise communicate electronic records to the intended recipient using security methods such as passwords, encryption, and matching electronic addresses to the U.S. postal address and that operates subject to the applicable requirements of the Electronic Signatures in Global and National Commerce Act. Provides that when a statute specifies that the department is required to send a document by mail and the particular statute is silent as to the class or type of mail to be used, the department can use a secure electronic delivery service in addition to the other methods already contained in the statute.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-3-11

**Enrolled Act:** HEA 1546, Sec. 27

### What Indiana Taxpayers Have to Say

"I was lost, and Melissa M. explained it all. She helped me and was so patient and kind to my lack of knowledge, and on a Friday after 4 p.m. Wow!"  
— Jenamarie H.

**Summary:** Requires that any person who conducts or sponsors a race at a qualified motorsports facility shall provide to the department a list of persons or entities to whom prize money, purses, or other amounts are distributed.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-5-5

**Enrolled Act:** HEA 1544, Sec. 10

**Summary:** Provides that information concerning incremental tax amounts from taxpayers located in the global commerce center, industrial development areas, economic development project districts, economic development tax areas, and professional sports development districts can be released to the fiscal officer of the entity that established the district if the official agrees to use the information for official purposes only.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-7-1

**Enrolled Act:** HEA 1001, Sec. 131; SEA 479, Sec. 20; SEA 544, Sec. 38

**Summary:** Provides that a taxpayer required to remit sales or withholding taxes electronically may, by agreement with the department, authorize the department to use a secure electronic delivery service developed by the department instead of delivery by mail.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-6-7

**Enrolled Act:** HEA 1546, Sec. 28

**Summary:** Provides that the department may provide confidential taxpayer information to a member of the general assembly or an employee of the general assembly when acting on behalf of a taxpayer located in the member's legislative district when the taxpayer has provided sufficient information to the member or employee for the department to determine that the member or employee is acting on behalf of the taxpayer.

**Effective date:** Jan. 1, 2014

**Code:** IC 6-8.1-7-1

**Enrolled Act:** HEA 1546, Sec. 29

**Summary:** Adds the newly created IC 6-8.1-8-17 as an exception to the demand notice requirements found in this section.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-8-2

**Enrolled Act:** HEA 1546, Sec. 30

**Summary:** Provides that when the department issues a tax warrant to a taxpayer who has not filed a tax return, the taxpayer is not entitled to a demand notice that would negate the tax warrant if the taxpayer files a return subsequent to the issuance of the tax warrant and fails to remit the amount of tax liability identified on the applicable tax return.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-8-17

**Enrolled Act:** HEA 1546, Sec. 31

### What Indiana Taxpayers Have to Say

"Ms. Angie S., thank you for walking me through this confusing process. You have restored my faith in 'government customer service.'"  
— Verdelski M.

**Summary:** Provides an alcoholic beverage excise tax credit for liquor or wine excise taxes paid in duplicate as a result of excise taxes being imposed at the time the goods are received and when the same goods are withdrawn from a storage facility. Provides that the credit shall be claimed monthly by the taxpayer and may not exceed 10% of the monthly excise tax liability reported by the taxpayer. The taxpayer may not claim the monthly credit for more than 36 months. The credit claimed must be used for capital expenditures to expand employment or assist in retaining employment within Indiana. The department shall annually verify the taxpayer's compliance.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-9-2

**Enrolled Act:** HEA 1546, Sec. 32

**Summary:** Provides that sales tax, cigarette tax, and alcoholic beverage tax refunds will be paid from all accounts that receive the taxes and not have the refund paid exclusively from the general fund.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-9-1.3

**Enrolled Act:** SEA 544, Sec. 39

**Summary:** Specifies that all state agencies shall cooperate with the department by providing at no charge to the department relevant information that the department requests, including monthly reports identifying the use of a fraudulent identity. Requires the Department of Correction to annually provide to the department an electronic file listing the name and Social Security number of each individual under the jurisdiction of the Department of Correction. Requires the State Department of Health to annually provide to the department an electronic file listing the name of each individual for whom an Indiana death certificate was issued during the preceding year.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-3-7

**Enrolled Act:** SEA 559, Sec. 2

**Summary:** Creates a new individual tax refund check-off for funding public education for kindergarten through grade 12. If the refund is less than the total amount designated, the public education fund and the nongame fund will receive proportional amounts of the amount available.

**Effective date:** Jan. 1, 2015

**Code:** IC 6-8.1-9-4

**Enrolled Act:** HEA 1545, Sec. 69

**Summary:** Authorizes the Office of Management and Budget to enter into an agreement with the Secretary of the Treasury of the United States to establish an offset program. The program would authorize tax and non-tax debts owed to Indiana by a person to be offset by the federal government through federal payments to vendors and contractors and by tax refunds. The agreement may permit non-tax debts owed to federal agencies for offset against payments owed to taxpayers as well as vendors and contractors providing goods or services to the state. A state refund offset for federal taxes owed is already in place.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-9.7

**Enrolled Act:** SEA 1546, Sec. 33

**Summary:** Provides that IC 6-3-4-12(j) and IC 6-3-4-13(l) do not apply to penalties imposed under IC 6-8.1-10-2.1.

**Effective date:** July 1, 2013

**Code:** IC 6-8.1-10-2.1

**Enrolled Act:** SEA 1546, Sec. 34

**Summary:** Provides that the penalty for a payment when the department is unable to obtain a payment on the instrument presented for payment through normal banking channels is reduced from 100% to 30% (bad check penalty).

**Effective date:** Jan. 1, 2014

**Code:** IC 6-8.1-10-5

**Enrolled Act:** SEA 1546, Sec. 35

### What Indiana Taxpayers Have to Say

"I spoke with Lisa S. today, and she was so informative and knowledgeable about the process of INtax. She made it so easy to understand. I look forward to doing this online from now on. Thanks again to Lisa."

— Mia D.

### INNKEEPERS AND OTHER LOCAL TAXES (IC 6-6 and IC 6-9)

**Summary:** Provides that the additional Marion County Auto Rental Excise Tax may not continue in effect after Feb. 28, 2023.

**Effective date:** July 1, 2013

**Code:** IC 6-6-9.7-7

**Enrolled Act:** HEA 1001, Sec. 127

**Summary:** Authorizes Vigo County to increase its innkeeper's tax from 5% to 8%.

**Effective date:** July 1, 2013

**Code:** IC 6-9-11-6

**Enrolled Act:** SEA 1546, Sec. 36

**Summary:** Provides that the additional admissions tax authorized for Marion County may not continue in effect after Feb. 28, 2023.

**Effective date:** July 1, 2013

**Code:** IC 6-9-13-2

**Enrolled Act:** HEA 1001, Sec. 132

**Summary:** Authorizes Cloverdale to adopt a 1% food and beverage tax, with the revenue to be used for: (1) sanitary sewers or wastewater treatment facilities; (2) drainage or flood control facilities; (3) water treatment, storage, or distribution facilities; and (4) bonds to finance the previously mentioned three uses.

**Effective date:** July 1, 2013

**Code:** IC 6-9-43

**Enrolled Act:** HEA 1070, Sec. 1

### What Indiana Taxpayers Have to Say

“Chris T. has been so thorough, detailed, and patient with me as I have been navigating determining through how our company is going to comply with the USDOT and INDOT regulations. She has gone above and beyond in so many ways and has provided me with such accurate, straightforward, and just ‘sound’ information.”

— Juila I.

**Summary:** Authorizes the Town of Fishers to adopt a 1% food and beverage tax with the revenue to be used by the town: (1) to reduce the town’s property tax levy for a particular year at the discretion of the town; or (2) for economic development purposes.

**Effective date:** Upon Passage

**Code:** IC 6-9-44

**Enrolled Act:** HEA 1070, Sec. 2

### MISCELLANEOUS PROVISIONS

**Summary:** Provides that the balance in the state tuition reserve fund will not be used when calculating the state reserves for purposes of determining the amount of an automatic taxpayer refund.

**Effective date:** July 1, 2013

**Code:** IC 4-10-22-1

**Enrolled Act:** HEA 1001, Sec. 60

**Summary:** Provides that if the excess reserves for fiscal year ending June 30, 2013, exceed \$50,000,000, 100% of the excess reserves shall be transferred to the pension stabilization fund. For the years 2014 and beyond, 50% of any excess reserves will be used for providing an automatic taxpayer refund.

**Effective date:** July 1, 2013

**Code:** IC 4-10-22-3

**Enrolled Act:** HEA 1001, Sec. 61

**Summary:** Creates motorsports investment district credits. Establishes provisions for incremental sales tax and income tax for taxpayers’ activities in the district. Before the first business day in October of each year, the department shall calculate the income tax incremental amount and the sales tax incremental amount for the preceding fiscal year for the district. Businesses operating in the district shall report to the department the information necessary to determine the incremental income tax and incremental sales tax. Before the first business day in November of each year, the department

shall determine the sum of the income tax incremental amount, the sales tax incremental amount, and the amount of admissions fees deposited in the state general fund. The department shall notify the Indiana finance authority, the Indiana motorsports commission, the budget agency, and the owner of the qualified motorsports facility of the total amounts mentioned above. The amount shall be credited to the obligation of the owner of the qualified motorsports facility.

**Effective date:** July 1, 2013

**Code:** IC 4-10-23

**Enrolled Act:** HEA 1544, Sec. 4

**Summary:** Provides that \$0.65 of the riverboat admissions tax will be deposited in the state general fund instead of being paid to the Indiana Horse Racing Commission.

**Effective date:** July 1, 2013

**Code:** IC 4-33-12-6

**Enrolled Act:** SEA 528, Sec. 17

**Summary:** REPEALS a section concerning the maximum amount of riverboat admissions tax that can be paid to the Indiana Horse Racing Commission in a fiscal year.

**Effective date:** July 1, 2013

**Code:** IC 4-33-12-7

**Enrolled Act:** SEA 528, Sec. 18

**Summary:** Provides that the tax rate for the adjusted gross wagering tax for riverboats is reduced from 15% to 5% for the first \$25,000,000 of adjusted gross receipts if the total adjusted gross receipts did not exceed \$75,000,000 in the preceding fiscal year. Provides that if the adjusted gross receipts do exceed \$75,000,000 in the fiscal year when the riverboat paid at the lower rate, the owner of the riverboat is subject to an additional tax of \$2,500,000.

**Effective date:** July 1, 2013

**Code:** IC 4-33-13-1.5

**Enrolled Act:** SEA 528, Sec. 20

**Summary:** Deletes a subsection concerning the supplemental distribution of the riverboat wagering tax to the Indiana Horse Racing Commission.

**Effective date:** July 1, 2013

**Code:** IC 4-33-13-5

**Enrolled Act:** SEA 528, Sec. 21

### What Indiana Taxpayers Have to Say

“Everyone in this office [Clarksville] treats you with respect and like you’re not just a number.”

— Eddie C.

**Summary:** Adds a new section to define “qualified wagering” as wagers by patrons using noncashable vouchers, coupons, electronic credits, or electronic promotions provided by the licensed riverboat owner. Provides that the owner can deduct from the adjusted gross receipts, at any time during a state fiscal year, the amount of adjusted gross receipts attributable to qualified wagering. Provide that the maximum deduction for the fiscal year ending June 30, 2013, may not exceed \$2,500,000, and for fiscal years ending before July 1, 2016, the deduction may not exceed \$5,000,000.

**Effective date:** Upon Passage

**Code:** IC 4-33-13-7

**Enrolled Act:** SEA 528, Sec. 22

**Summary:** Reduces the slot machine wagering tax at racinos from 99% of adjusted gross receipts to 91.5% of adjusted gross receipts.

**Effective date:** July 1, 2013

**Code:** IC 4-35-8-1

**Enrolled Act:** HEA 1001, Sec. 72; SEA 609, Sec. 18

**Summary:** Adds a new section to define “qualified wagering” as wagers by patrons using noncashable vouchers, coupons, electronic credits, or electronic promotions provided by the licensed racino owner. Provides that the owner can deduct from the adjusted gross receipts, at any time during a state fiscal year, the amount of adjusted gross receipts attributable to qualified wagering. Provides that the maximum deduction for the fiscal year ending June 30, 2013, may not exceed \$2,500,000 and that it may not exceed \$5,000,000 for fiscal years ending before July 1, 2016.

**Effective date:** Upon Passage

**Code:** IC 4-35-8-5

**Enrolled Act:** SEA 528, Sec. 36

**Summary:** Creates a motorsports investment district. The district consists of the motorsports facility and adjacent property that is related to the motorsports facility and that is owned by the owner of the motorsports facility or an affiliate or subsidiary of the owner, or property on which activities related to the motorsports facility occur and other public property specified by the commission.

A taxpayer operating in the motorsports district that files a consolidated return with the department shall annually file an information return for each of its business locations within the district. If a motorsports investment district is created, the commission shall provide the department with a list of the employers and vendors with a responsibility to remit taxes in the district, as well as the street names and ranges of street numbers of each street in the district. The commission shall update the list annually before July 1. Upon department request, a political subdivision in which the motorsports facility is located shall provide data to the department about permits issued by the political subdivision to vendors operating within the district. The department is required to develop guidelines and instructions concerning the appropriate amount of AGIT to be withheld from purse money and prizes won for racing in the district.

**Effective date:** July 1, 2013

**Code:** IC 5-1-17.5

**Enrolled Act:** HEA 1544, Sec. 5

**Summary:** Requires taxpayers operating in the global commerce center to report annually to the department the amount of incremental sales and income tax attributable to the center. If the taxpayer files a consolidated return, the taxpayer shall file a n informational return for each business location within the center. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** Upon Passage

**Code:** IC 5-28-26-15

**Enrolled Act:** SEA 544, Sec. 1

### What Indiana Taxpayers Have to Say

“Debra M. went out of her way to help me, answered every question, wasn’t condescending, and was very intelligent. The help I received from Debra was opposite of the help I received from the State of Ohio. Thank you.”

— Dan B.

**Summary:** Provides that any issuance, renewal, or transfer of an alcoholic beverage permit of any kind is not permitted if the person seeking renewal or transfer is more than 30 days delinquent in remitting sales or withholding taxes. A permit may be granted if the Alcohol and Tobacco Commission receives a notice from the department that the sales or withholding taxes have been remitted to the department.

**Effective date:** July 1, 2013  
**Code:** IC 7.1-3-21-15  
**Enrolled Act:** HEA 1546, Sec. 37

**Summary:** REPEALS the language giving airport development zone taxpayers the tax benefits that would be available if they were in an enterprise zone.

**Effective date:** Jan. 1, 2014  
**Code:** IC 8-22-3.5-14  
**Enrolled Act:** HEA 1545, Sec. 70

**Summary:** Clarifies that the department is responsible for issuing registrations for commercial motor vehicles if more than 25 vehicles are in the fleet and the vehicles each weigh more than 26,000 pounds. Extends the validity of these plates from five years to being permanent.

**Effective date:** Jan. 1, 2014  
**Code:** IC 9-18-2-4.5  
**Enrolled Act:** HEA 1546, Sec. 38

**Summary:** Authorizes staggered registration of vehicles registered with the department under the International Registration Plan.

**Effective date:** Jan. 1, 2014  
**Code:** IC 9-18-2-7  
**Enrolled Act:** HEA 1546, Sec. 39

**Summary:** Provides that a bus registered through the International Registration Plan shall apply for the registration electronically with the department.

**Effective date:** Jan. 1, 2014  
**Code:** IC 9-18-2-14  
**Enrolled Act:** HEA 1546, Sec. 40

**Summary:** Allows the department to impose a lien on the property of an owner or operator of an underground storage tank if the owner or operator fails to pay fees due under certain provisions.

Allows a transferee of property upon which a tank is located to receive money from the excess liability trust fund if applicable tank fees are paid.

**Effective date:** July 1, 2013  
**Code:** IC 13-23-7-10  
**Enrolled Act:** SEA 297, Sec. 1

**Summary:** Provides that past due fees include fees, interest, and penalties assessed by the department.

**Effective date:** July 1, 2013  
**Code:** IC 13-23-8-4  
**Enrolled Act:** SEA 297, Sec. 2

**Summary:** Provides that “automated sales suppression devices” and “phantom-ware” may be seized.

**Effective date:** July 1, 2013  
**Code:** IC 34-24-1-1  
**Enrolled Act:** HEA 1546, Sec. 42

### What Indiana Taxpayers Have to Say

“It has been a pleasure working with you Wendy F. Thank you so much for your personal attention and professionalism. Your diligence in following up is evidence of your commitment to assisting the taxpayer.”

— Jay H.

**Summary:** Defines “automated sales suppression devices,” “phantom-ware,” and related terms. Provides that anyone who knowingly or intentionally sells, purchases, installs, transfers, or possesses automated sales suppression devices or phantom-ware after June 30, 2013, commits unlawful sale or possession of a transaction manipulation device, which is a Class C felony.

**Effective date:** July 1, 2013  
**Code:** IC 35-43-5-4.6  
**Enrolled Act:** HEA 1546, Sec. 43

**Summary:** Requires taxpayers to report annually to the department the amount of incremental sales and income tax attributable to the industrial development district. If the taxpayer files a consolidated return, the taxpayer shall file an informational return for each business location within the district. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** July 1, 2013  
**Code:** IC 36-7-13-14  
**Enrolled Act:** SEA 544, Sec. 42

**Summary:** Requires taxpayers to report annually to the department the amount of incremental sales and income tax attributable to the economic development project district. If the taxpayer files a consolidated return, the taxpayer shall file an informational return for each business location within the district. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** July 1, 2013  
**Code:** IC 36-7-26-23  
**Enrolled Act:** SEA 544, Sec. 43

### What Indiana Taxpayers Have to Say

"This letter is to inform you of the professional and courteous service provided by Cheressa C. She was very patient and responded to all the messages I left for her. It was a pleasure working with her."

— Clemence E.

**Summary:** Requires taxpayers to report annually to the department the amount of incremental sales and income tax attributable to the economic development tax area. If the taxpayer files a consolidated return, the taxpayer shall file an informational return for each business location within the area. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** Jan. 1, 2014

**Code:** IC 36-7-27-13

**Enrolled Act:** SEA 544, Sec. 44

**Summary:** Requires taxpayers to report annually to the department the amount of incremental sales and income tax attributable to the Marion County professional sports development area. If the taxpayer files a consolidated return, the taxpayer shall file an informational return for each business location within the area. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** July 1, 2013

**Code:** IC 36-7-31-15

**Enrolled Act:** SEA 544, Sec. 45

**Summary:** Requires taxpayers to report annually to the department the amount of incremental sales and income tax attributable to a professional sports development area. If the taxpayer files a consolidated return, the taxpayer shall file an informational return for each business location within the area. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** July 1, 2013

**Code:** IC 36-7-31.3-13

**Enrolled Act:** SEA 544, Sec. 46

**Summary:** Provides that the IEDC may authorize only two new certified technology parks in a fiscal year.

**Effective date:** July 1, 2013

**Code:** IC 36-7-32-11

**Enrolled Act:** HEA 1546, Sec. 44

**Summary:** If the IEDC desires to designate a certified technology park, it shall submit its proposal to the budget committee for review and approval.

**Effective date:** July 1, 2013

**Code:** IC 36-7-32-11.5

**Enrolled Act:** HEA 1546, Sec. 45

**Summary:** Requires taxpayers to report annually to the department the amount of incremental sales and income tax attributable to the certified technology park. If the taxpayer files a consolidated return, the taxpayer shall file an informational return for each business location within the park. If the taxpayer fails to file the required reports, the department shall use the best information available in calculating the incremental sales and income tax amounts.

**Effective date:** July 1, 2013

**Code:** IC 36-7-32-21

**Enrolled Act:** SEA 544, Sec. 47

### What Indiana Taxpayers Have to Say

"I went to the office near the close of business expecting to obtain a handful of forms that I would have to take with me to return at a later date. Ms. Joyce R. was extremely friendly and never displayed any sign of anxiety of having to deal with my issues near the close of business. Ms. Pam J. immediately went to work to help me resolve the issue. Although she experienced a few complications while assisting me, she remained friendly and approachable. She worked diligently to resolve my situation and never complained that she stayed several minutes after closing. In fact, as I was leaving both ladies told me not to worry about keeping them, they were happy to be able to get my situation resolved."

— Alex H.

# TAX HELP

## Internet Access

Access to forms, information bulletins, commissioner's directives, tax publications, email, INtax, INfreefile (the online tax filing program), etc. can be found at [www.in.gov/dor](http://www.in.gov/dor).

Businesses can visit the New and Small Business Education Center ([www.smallbiz.in.gov](http://www.smallbiz.in.gov)), where they can find a variety of valuable resources 24/7, such as updating information online, applying for new taxes, finding forms, and much more.

Stay connected to the Indiana Department of Revenue 24/7 by:

- Following us on Twitter at [www.twitter.com/INDeptofRevenue](http://www.twitter.com/INDeptofRevenue)
- Becoming a Facebook fan by searching for "Indiana Department of Revenue"
- Signing up for automatic email updates on the department's website at [www.in.gov/dor](http://www.in.gov/dor)

## Telephone Numbers

Practitioner Hotline	800-462-6320 (enter 4367)	<a href="http://www.in.gov/dor/3863.htm">www.in.gov/dor/3863.htm</a>
Individual Income Tax Questions	317-232-2240	<a href="http://www.in.gov/dor/4703.htm">www.in.gov/dor/4703.htm</a>
Business Tax Questions	317-233-4015	<a href="http://www.in.gov/dor/3335.htm">www.in.gov/dor/3335.htm</a>
Corporate Income Tax INtax Hotline	317-232-2337	<a href="http://www.in.gov/dor/3335.htm">www.in.gov/dor/3335.htm</a>
E-file Questions	317-232-0059	<a href="http://www.in.gov/dor/4331.htm">www.in.gov/dor/4331.htm</a>
Streamlined Sales Tax	317-233-4015	<a href="http://www.in.gov/dor/3341.htm">www.in.gov/dor/3341.htm</a>
Automated Refund Line	317-233-4018	<a href="http://www.in.gov/dor/4339.htm">www.in.gov/dor/4339.htm</a>
Collection/Liability Inquiries	317-232-2165	<a href="http://www.in.gov/dor/3959.htm">www.in.gov/dor/3959.htm</a>
Motor Carrier Services	317-615-7200	<a href="http://www.in.gov/dor/4106.htm">www.in.gov/dor/4106.htm</a>
Tax Forms Order Line	317-615-2581	<a href="http://www.in.gov/dor/3489.htm">www.in.gov/dor/3489.htm</a>
Withholding Tax	317-233-4016	<a href="http://www.in.gov/dor/3988.htm">www.in.gov/dor/3988.htm</a>
Corporate Tax	317-232-0129	<a href="http://www.in.gov/dor/3967.htm">www.in.gov/dor/3967.htm</a>

For a list of phone numbers by tax type, visit the department website at [www.in.gov/dor/3473.htm](http://www.in.gov/dor/3473.htm).

For a list of the department's P.O. boxes, visit [www.in.gov/dor/3484.htm](http://www.in.gov/dor/3484.htm).

# DISTRICT OFFICE LOCATIONS

## Indianapolis (Main Office)

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

## Bloomington District Office

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

## Clarksville District Office

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

## Columbus District Office

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

## Evansville District Office

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

## Fort Wayne District Office

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

## Kokomo District Office

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

## Lafayette District Office

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

## Merrillville District Office

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

## Muncie District Office

3640 N. Briarwood Lane, Suite 5  
Muncie, IN 47304  
(765) 289-6196

## South Bend District Office

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

## Terre Haute District Office

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

**District office business  
hours are  
8 a.m. to 4:30 p.m.  
Monday – Friday**



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



INDIANA

A State that Works