

HOUSE BILL No. 1871

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-8.1.

Synopsis: Tax amnesty program. Authorizes the department of state revenue to suspend collection efforts against taxpayers who file a tax amnesty return and pay delinquent taxes during the amnesty period. Provides that fees and interest ordinarily added to the amount of delinquent taxes may not be imposed during the amnesty period. Provides that an additional collection fee may be imposed if a taxpayer who has not filed a tax return for a reporting period covered by the tax amnesty program fails to file a tax amnesty return.

Effective: July 1, 2003.

Weinzapfel

January 23, 2003, read first time and referred to Committee on Ways and Means.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

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HOUSE BILL No. 1871



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-8.1-1-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2003]: **Sec. 0.5. (a) Except as provided in subsection (b),**
4 **"qualified tax" means a listed tax (as defined in section 1 of this**
5 **chapter).**

6 **(b) The term does not include the following listed taxes:**
7 **(1) The motor vehicle excise tax (IC 6-6-5).**
8 **(2) The commercial vehicle excise tax (IC 6-6-5.5).**

9 SECTION 2. IC 6-8.1-8-0.5 IS ADDED TO THE INDIANA CODE
10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
11 1, 2003]: **Sec. 0.5. (a) The department shall suspend collection**
12 **efforts authorized under this chapter with respect to a taxpayer**
13 **that files a tax amnesty return under IC 6-8.1-16 pending the final**
14 **payment of the taxpayer's delinquent taxes under the tax amnesty**
15 **program.**

16 **(b) If a taxpayer files a tax amnesty return under IC 6-8.1-16, a**
17 **judicial action commenced under this chapter is stayed pending the**



1 final payment of the taxpayer's delinquent taxes under the tax
2 amnesty program.

3 (c) If a taxpayer files a tax amnesty return and fails to pay the
4 delinquent taxes as required under IC 6-8.1-16, the department
5 shall collect the delinquent taxes as authorized under this chapter.

6 SECTION 3. IC 6-8.1-10-0.5 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2003]: Sec. 0.5. (a) If a taxpayer files a tax
9 amnesty return under IC 6-8.1-16, the department may not impose
10 the penalties and interest authorized under this chapter on the
11 amount of delinquent taxes paid by the taxpayer under the tax
12 amnesty program.

13 (b) If a taxpayer files a tax amnesty return and fails to pay the
14 delinquent taxes as required under IC 6-8.1-16, the department
15 shall impose penalties and interest as authorized under this chapter
16 upon the taxpayer's delinquent taxes.

17 SECTION 4. IC 6-8.1-12-3 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. The program must
19 include the following projects:

20 (1) Communications with taxpayers listed in section 2 of this
21 chapter that explain in simplified terms the most common errors
22 of taxpayer noncompliance that the taxpayers are likely to
23 encounter.

24 (2) Communications with taxpayers described in section 2(1) of
25 this chapter that explain in simplified terms the duties of the
26 taxpayer and the most common areas of noncompliance by this
27 group of taxpayers.

28 (3) Participation in small business seminars and similar programs
29 organized by state and local agencies.

30 (4) Review and revision of taxpayer educational materials
31 produced by the department to identify the most common errors
32 of taxpayer noncompliance that the taxpayers are likely to
33 encounter.

34 (5) Implementation of a continuing education program for
35 employees of the department, including the following:

36 (A) The application of new legislation and rules to taxpayer
37 activities.

38 (B) Areas of recurring taxpayer noncompliance.

39 (C) Areas of inconsistent administration by the department.

40 (6) Promotion of the tax amnesty program authorized under
41 IC 6-8.1-16.

42 SECTION 5. IC 6-8.1-16 IS ADDED TO THE INDIANA CODE

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1 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2003]:

3 **Chapter 16. Tax Amnesty Program**

4 **Sec. 1. The department shall develop and administer a one (1)**
5 **time tax amnesty program to encourage the payment of delinquent**
6 **taxes by temporarily suspending the penalties and interest**
7 **ordinarily imposed upon delinquent taxpayers.**

8 **Sec. 2. (a) A taxpayer is eligible to participate in the program**
9 **unless the taxpayer:**

10 **(1) is on notice of a criminal investigation being conducted by**
11 **the state, a political subdivision, or the United States; or**

12 **(2) is the subject of criminal litigation pending in any Indiana**
13 **court or a court of the United States;**

14 **for nonpayment, delinquency, evasion, or fraud by the taxpayer**
15 **with respect to a qualified tax or a federal tax.**

16 **(b) A taxpayer that is eligible under subsection (a) to participate**
17 **in the tax amnesty program may participate whether or not:**

18 **(1) the taxpayer is under audit;**

19 **(2) the amount of the taxpayer's qualified tax liability is**
20 **subject to a pending administrative or judicial proceeding; or**

21 **(3) the amount of the taxpayer's qualified tax liability is**
22 **subject to collection actions under IC 6-8.1-8.**

23 **However, if the amount of the taxpayer's qualified tax liability is**
24 **contested, the taxpayer may participate in the tax amnesty**
25 **program only to the extent of the uncontested portion of the**
26 **taxpayer's qualified tax liability.**

27 **Sec. 3. The tax amnesty program authorized under this chapter**
28 **applies only to a taxpayer's liability for a delinquent qualified tax.**

29 **Sec. 4. The tax amnesty program applies to a taxpayer's liability**
30 **for a qualified tax for taxable periods ending or transactions**
31 **occurring after December 31, 1987, and before January 1, 2003.**

32 **Sec. 5. Notwithstanding any other law, the department may not**
33 **impose a penalty or interest accruing before May 1, 2004, upon the**
34 **payment of a delinquent qualified tax that is paid under the terms**
35 **of the taxpayer's participation in the tax amnesty program.**

36 **Sec. 6. (a) To participate in the tax amnesty program, a**
37 **taxpayer must file a tax amnesty return on a form prescribed by**
38 **the department.**

39 **(b) The tax amnesty return must list the taxable years or**
40 **reporting periods for which the taxpayer is seeking amnesty. The**
41 **tax amnesty return must identify the taxable years or tax reporting**
42 **periods for which the taxpayer has not previously filed a completed**

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1 return and the taxable years or tax reporting periods for which the
2 taxpayer has underreported the taxpayer's tax liability.

3 Sec. 7. (a) The tax amnesty return must be filed after December
4 31, 2003, and before May 1, 2004.

5 (b) Except as provided in subsection (c), a taxpayer filing a tax
6 amnesty return must:

7 (1) file completed tax returns for all years or tax reporting
8 periods listed on the taxpayer's tax amnesty return for which
9 the taxpayer has not previously filed a completed return; and

10 (2) complete amended tax returns for all years or tax
11 reporting periods listed on the taxpayer's tax amnesty return
12 for which the taxpayer's tax liability was underreported.

13 (c) If a taxpayer's tax liability has been established through an
14 audit and may be paid under the tax amnesty program, the
15 taxpayer is not required to file an amended return for the year or
16 tax reporting period.

17 (d) The tax returns required under subsection (b) must be filed
18 with the tax amnesty return.

19 Sec. 8. (a) Except as provided in subsection (c), a taxpayer
20 participating in the tax amnesty program must pay the taxpayer's
21 delinquent qualified taxes after December 31, 2003, and before
22 May 1, 2004.

23 (b) Except as provided in subsection (c), payment must be
24 submitted with the tax amnesty return.

25 (c) The department may enter into an installment payment
26 agreement in cases of severe hardship instead of the complete
27 payment required under subsection (a). A taxpayer, on a form
28 prescribed by the department, may apply for permission to pay the
29 delinquent qualified taxes under an installment payment
30 agreement. The application must be submitted to the department
31 with the tax amnesty return.

32 Sec. 9. A refund may not be granted for interest or a penalty
33 paid before the taxpayer's participation in the tax amnesty
34 program.

35 Sec. 10. A refund may not be granted for taxes paid under the
36 tax amnesty program.

37 Sec. 11. The failure to pay all the delinquent qualified taxes
38 shown on a taxpayer's tax amnesty return or on an installment
39 payment agreement between the taxpayer and the department
40 invalidates the exemption from interest and penalties provided by
41 section 5 of this chapter. The department shall add all applicable
42 interest and penalties to the taxpayer's qualified tax liability. The

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1 department may take any action authorized under IC 6-8.1-8 to
2 collect the unpaid taxes.
3 Sec. 12. If a taxpayer has failed to file a return for a taxable
4 year or a tax period for which amnesty is available under this
5 chapter and fails to file a return during the amnesty period
6 described in section 6 of this chapter, the department shall add a
7 collection fee to the amount of the taxpayer's tax liability. The
8 amount of the fee imposed under this section is equal to twenty-five
9 percent (25%) of the taxpayer's delinquent taxes. The fee imposed
10 under this section is in addition to the fees and penalties authorized
11 under IC 6-8.1-8 and IC 6-8.1-10.
12 Sec. 13. A taxpayer's participation in the tax amnesty program
13 does not extend a statute of limitations set forth in IC 6-8.1-5 with
14 respect to the taxable years or tax reporting periods for which the
15 taxpayer is seeking amnesty.

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