
SENATE BILL No. 34

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-8.1.

Synopsis: Income tax and use of fraudulent identities. Specifies that all state agencies shall cooperate with the department of state revenue (department) in tax administration 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 provide annually 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 provide annually an electronic file listing the name of each individual for whom an Indiana death certificate was issued during the last year. Specifies that an individual adjusted gross income tax deduction or credit that is based on an individual exemption under the Internal Revenue Code, other than exemptions for the taxpayer and the taxpayer's spouse, is not allowed if the individual: (1) is a resident alien who has come to, entered, or remained in the United States in violation of the law; or (2) is not a citizen of the United States and not a resident of the United States. Requires, for purposes of claiming an income tax deduction for a dependent, that the taxpayer provide either: (1) the Social Security number of the dependent; or (2) an individual taxpayer identification number, if a dependent is not eligible for a Social Security number or is a dependent of a taxpayer
(Continued next page)

Effective: July 1, 2013.

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January 7, 2013, read first time and referred to Committee on Tax and Fiscal Policy.

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Digest Continued

who is exempt from obtaining a Social Security number. Permits the department to request any information the department considers necessary to verify that an individual qualifies for such a deduction or credit. Provides a specific civil penalty if the taxpayer intentionally, knowingly, or recklessly fails to comply with the requirements to establish that the taxpayer is entitled to the dependent deduction. Specifies that the penalty also applies to a professional tax return preparer. Provides that the penalty is an amount equal to the tax that is owed after the dependent deduction is denied.

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Introduced

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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SENATE BILL No. 34

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 6-8.1-3-7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) The department
3 may enter into reciprocal agreements with the taxing officials of the
4 United States government or with the taxing officials of other state
5 governments to furnish and receive information relevant to the
6 administration and enforcement of the listed taxes. However, the
7 department may not furnish information obtained from federal returns
8 or schedules to officials of other state governments.
9 (b) All agencies of the state of Indiana shall cooperate with the
10 department in the administration of the listed taxes and shall, **upon**
11 **request and at no charge to the department**, furnish to the
12 department any information relevant to the administration and
13 collection of the listed taxes that the department requests. **In addition,**
14 **a state agency that encounters the use of a fraudulent identity shall**
15 **notify the department and provide in electronic format identifying**



1 information as specified by the department for the department's
 2 use in preventing tax fraud. If a state agency encounters the use of
 3 fraudulent identities on a regular basis, the state agency shall
 4 provide to the department a monthly electronic report furnishing
 5 the identifying information specified by the department.

6 (c) Before December 1 each year:

7 (1) the department of correction shall provide to the
 8 department an electronic file listing the name and Social
 9 Security number of each individual under the jurisdiction of
 10 the department of correction as of November 1 of that year;
 11 and

12 (2) the state department of health shall provide to the
 13 department an electronic file listing the name of each
 14 individual for whom an Indiana death certificate was issued
 15 during the immediately preceding twelve (12) months.

16 SECTION 2. IC 6-8.1-6-9 IS ADDED TO THE INDIANA CODE
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 18 1, 2013]: Sec. 9. (a) This section does not apply to a taxpayer or a
 19 taxpayer's spouse.

20 (b) As used in this section, "alien" has the meaning set forth in
 21 8 U.S.C. 1101(a).

22 (c) As used in this section, "intentionally", "knowingly", and
 23 "recklessly" have the meanings set forth in IC 35-41-2-2.

24 (d) An individual does not qualify for any deduction or credit
 25 regarding adjusted gross income under IC 6-3-1 that is determined
 26 by reference to Section 151(c) or Section 152 of the Internal
 27 Revenue Code, including any internal reference in the Internal
 28 Revenue Code to Section 151(c) or Section 152 of the Internal
 29 Revenue Code, if the individual:

30 (1) is a resident alien who has come to, entered, or remained
 31 in the United States in violation of the law; or

32 (2) is not a citizen of the United States and not a resident of
 33 the United States.

34 (e) For purposes of claiming the dependent deduction from
 35 adjusted gross income under IC 6-3-1-3.5(a)(4)(A) or
 36 IC 6-3-1-3.5(a)(5)(A), the taxpayer shall provide one (1) of the
 37 following:

38 (1) The Social Security number of the dependent.

39 (2) An individual taxpayer identification number, if a
 40 dependent:

41 (A) is not eligible for a Social Security number; or

42 (B) is a dependent of a taxpayer who is exempt from

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obtaining a Social Security number under federal law.
(f) The department may request any information the department considers necessary to verify that an individual qualifies under this section.

(g) A person, including a professional tax return preparer, who intentionally, knowingly, or recklessly fails to comply with subsection (e) is subject to the penalty prescribed by IC 6-8.1-10-14.

SECTION 3. IC 6-8.1-10-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 14. (a) The penalty for a person who commits a violation described in IC 6-8.1-6-9(g) is the amount of the tax that is owed after the dependent deduction is denied.

(b) The penalty imposed under this section is imposed in place of and not in addition to the penalty imposed under section 2.1 of this chapter.

(c) A civil penalty imposed under this section:

- (1) shall be deposited in the state general fund; and
- (2) is in addition to any criminal penalties imposed by a court.

SECTION 4. [EFFECTIVE JULY 1, 2013] (a) IC 6-8.1-6-9, as added by this act, applies to claims for taxable years beginning after December 31, 2012.

(b) This SECTION expires January 1, 2015.

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