
DEPARTMENT OF STATE REVENUE

Information Bulletin #104
General Tax
December 2019
(Replaces Commissioner's Directive #37 dated October 2013)
Effective Date: Upon Publication

SUBJECT: Dishonored Check Penalty Provisions

REFERENCES: [IC 6-8.1-10-5](#)

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SUMMARY OF CHANGES

Aside from technical, nonsubstantive changes, this bulletin effectively provides the same information as it had before when it was published under the title Commissioner's Directive #37.

The dishonored check penalty provision applies to payments made by check, credit card, debit card, or electronic funds transfer. If a taxpayer makes a payment by check, credit card, debit card, or electronic funds transfer, and the Indiana Department of Revenue is unable to obtain payment on the check, credit card, debit card, or electronic funds transfer for its full face amount when the payment is presented through normal banking channels, a penalty of 10% is imposed based on the unpaid tax or value of the instrument, whichever is smaller.

When the 10% penalty is imposed, the department shall notify the taxpayer by mail that the instrument was not honored and that the taxpayer has 10 days after the date the notice is mailed to pay the tax and penalty by cash, certified check, or other guaranteed payment. If the taxpayer fails to make the payment within the 10-day period, the penalty is increased to 30% multiplied by the face value of the check, credit card, debit card, or electronic funds transfer.

If a payment made to the department cannot be collected in full by the department, and if the person is assessed a 30% bad check penalty, the department may require all future payments remitted by the taxpayer to be remitted with guaranteed funds.

If the taxpayer can show reasonable cause for the check, credit card, debit card, or electronic funds transfer not being honored, the department may waive the penalty.

Adam J. Krupp
Commissioner

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