2022 Annual Public Hearing

Meeting Minutes

May 26, 2022

Indiana Department of Revenue

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Indiana Department of Revenue

Indiana Department of Revenue
2022 Annual Public Hearing
Minutes Summary

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue (DOR) held its Annual Public Hearing on May 26, 2022, at 10 a.m. in Conference Room B of the Indiana Government Center South Building in Indianapolis and online via Microsoft Teams Live.

Required by Indiana law, the purpose of this annual public hearing is to provide taxpayers an opportunity to recommend changes in statutes, departmental policies, processes and procedures to help the department better administer tax laws.

Individuals in attendance representing the Indiana Department of Revenue included:

- Commissioner Bob Grennes
- Chief Information Officer Kevin Gulley
- Chief Financial Officer Ed Vance
- General Counsel Chris Russell
- Executive Director of Audit Operations Chris Perry
- Executive Director of Agency and Business Systems Support Terri Livingston
- Director of Customer Service and the Taxpayer Advocate Office Tammy Tschetter
- Agency Initiatives Manager Nancy Tyree

Attendees:

- Ben Smith, Indiana CPA Society
- Aaron Tellez, Indiana CPA Society
- Karen Ward, Indiana Legal Services LITC
- Bob Romack, Dunbar & Romack
- 10 additional in-person attendees
- 38 online attendees

10:02 a.m. Call to order by Nancy Tyree

10:02 a.m. Opening remarks by Nancy Tyree (See Attachment A)

10:03 a.m. Introduction of Commissioner Bob Grennes

10:04 a.m.	Opening remarks by Commissioner (See Attachment B)
10:18 a.m.	Call for Speakers/Introduction of Ben Smith, Indiana CPA Society
10:19 a.m.	Comments from Ben Smith (See Attachment C)
10:23 a.m.	Introduction of Karen Ward, Indiana Legal Services LITC
10:24 a.m.	Comments from Karen Ward (See Attachment D)
10:38 a.m.	Nancy Tyree expressed appreciation for in-person and virtual attendees and adjourned the annual public hearing

Indiana Department of Revenue

Attachment A: Nancy Tyree, Opening Statement

Good morning, my name is Nancy Tyree, and I am the Agency Initiatives Manager for the Indiana Department of Revenue. I would like to personally thank you for attending or tuning into today's annual public hearing.

This hearing, as required under Indiana code, is for the purpose of providing taxpayers the opportunity to make recommendations to the department that administers tax laws in our state. This hearing is not a news conference or media opportunity. Nor is it a forum to debate Indiana tax laws—those are established by the Indiana General Assembly.

This is an opportunity for the public to suggest improvements in tax services and processing. We are always looking to improve our services to taxpayers, and we are very interested in hearing your ideas and suggestions.

We have two guest speakers present today who have notified us that they plan to make comments. For these guests, once the Commissioner is done speaking, we will call you up to address the room.

Now, it is my pleasure to introduce the Commissioner of the Indiana Department Revenue, Bob Grennes.

Indiana Department of Revenue

Attachment B: Commissioner Bob Grennes, Statement

Good morning and welcome to the Indiana Department of Revenue's Fiscal Year 2022 (FY22) annual public hearing. My name is Bob Grennes, and I am honored to be DOR's commissioner, and a member of the amazing DOR team—which is made up of 650 Hoosiers located in 13 locations across the great State of Indiana and select locations around the country.

Joining me today are members of DOR's Executive Team:

- Monique Young-Wash, DOR's Executive Director of Service Operations who could not be with us today—filling in for her is Tammy Tschetter, Director of Customer Service and the Taxpayer Advocate Office
- Ed Vance, CFO
- Chris Russell, General Counsel
- Chris Perry, Executive Director of Audit Operations
- Terri Livingston, Executive Director of Agency and Business Systems Support
- Kevin Gulley, CIO

Today's hearing is an opportunity to provide a few brief updates on the work our team completed in FY22—but most importantly, we are here today to hear from our fellow Hoosiers. We share a heartfelt thank you and welcome to everyone that is in attendance and those watching on the live feed. We truly appreciate your time.

Today's meeting is not the only way to connect with us. Our website is loaded—and continuously updated—with great information, self-service features and ways to contact us. On our website you can subscribe to several helpful newsletters and information streams. You can also access our annual legislative synopsis, self-service links, forms, tax bulletins, videos and FAQs.

Our website is also a great place to access our annual reports that contain agency information and data—and information about our services, operations and improvement projects.

I want to start with a few words about the wonderful team members who make up the Department of Revenue. DOR is comprised of 650 dedicated Hoosiers who care deeply about who we are, what we do and who we serve. Every one of our team members pours themselves into the important work we do to serve our fellow Hoosiers. That work includes working with a complex web of organizations to:

- administer over 60 taxes, fees, permits and licenses;
- annually process millions of tax returns and payments;
- manage the flow of over $24 billion in tax revenues and
- complete hundreds of thousands of service interactions with Indiana citizens, businesses, corporations and professionals in the tax world.

It is challenging, but very rewarding work and we are honored to serve Indiana by administering Indiana's tax laws fairly, securely and efficiently. Now a little bit about the world of tax administration and highlights from FY22.

Tax administration is a high-volume, high-complexity and high-variability financial services system. There are many "players" that make tax administration work—including Indiana taxpayers, tax practitioners, business and corporate specialists, business support organizations, tax software companies and state, local and federal tax administrators.

The "magic" of tax administration is created by the tapestry of collaborative and skilled work of all these dedicated players. We share our heartfelt thanks to everyone who is part of this complex, and consistently changing, world we live in. We give a special shout out and huge thank you to the Indiana CPA Society and all their members, including their Tax Resource Advisory Council members; and to DOR's Tax Advisory Council—13 experienced tax professionals, attorneys, business stakeholders and advocates who help our team with advice, counsel and support.

We work closely with these dedicated professionals throughout the year, and we thank you for being part of Team DOR. Here are a few highlights since last year's public hearing.

We completed last year's individual tax season and rolled right in to preparing for the 2022 season.

We are now wrapping up the 2022 individual tax season—the first on our new modernized system.

As of today, we have processed over 3.1 million 2021 individual tax returns and issued over 2 million individual refunds.

- The average return-to-refund approval time for electronic returns is 7 days with 90% approved under 14 days.
- For paper returns, the average is 18 days with 62% approved under 14 days, 80% under 30 days and 98% under 60 days.
- Paper returns that arrived late in the filing period are now going through the process and will take 40-60 days to be fully processed.

Returns that contain errors, are missing information or have discrepancies with other data sources (about 5-7% of all returns), require manual review and correction—and additional time. Each of these returns will get individualized attention throughout the summer.

Throughout both the 2021 and 2022 tax seasons, our industry-leading cybersecurity, data protection, ID safeguarding and refund fraud prevention programs continued to perform effectively. We stopped over $11 million of attempted refund fraud during the 2021 individual tax season and over $8 million so far in 2022.

Last fall, we celebrated the successful implementation of individual tax processing functionality on the new modernized Indiana Tax System. This implementation followed corporate and business taxes that were successfully implemented on the new system in 2019 and 2020.

During this past year we completed significant components of the project's final Rollout, which includes the remaining 15 taxes that will go live on the new system in July.

We implemented all 2021 annual and legislative tax changes and supported the 2022 legislative session. We are now working on all the systems and operations work required to support the 2022 and 2023 changes.

We continued to lead the industry in Motor Carrier Services and serving Indiana's trucking industry by providing high levels of service and implementing several significant service enhancements, including modernized Oversize and Overweight permitting and vehicle registration systems.

Our customer service team in 13 locations across the state is doing their very best to provide quality service—via inbound call, walk-in, correspondence and INTIME secure system messaging. Post call/visit customer satisfaction surveys continue to be above 95% (with 12,400 perfect scores in March and April).

Through the collaborative work with Governor Holcomb and his team, the General Assembly and Auditor Klutz and her team, we have planned, designed and initiated the issuance of Indiana's $125 Automatic Taxpayer Refund (known as ATR).

- 2 million ATR refunds have already been issued with the remaining 2.3 million to be completed throughout the summer.
- Detailed information and FAQs about the entire ATR project and timeline are available on our website.

And after being recognized by the IndyStar as a Top Workplace in 2019, 2020 and 2021 and winning an inaugural Top Workplace USA award in 2021—the DOR team was honored to be awarded a second USA award this past January.

- And on May 15th, the DOR team was recognized by the Indianapolis Star as an Indiana Top Workplace for the 4th straight year.
- Both the national and state recognitions are based on our team's voluntary and anonymous feedback, which is benchmarked against private sector firms who invest heavily in culture, organizational health and employee engagement.
- The DOR team cares deeply about our work environment and each other, and we are incredibly proud to be recognized again in 2022 as a Top Workplace by IndyStar and Energage.

Before I open the floor for comments, let me share a bit more about Project NextDOR—our 5+ year modernization project, which believe it or not, will be completed in less than 2 months.

Project NextDOR was initiated in 2017 to modernize all DOR's tax processing computer systems and service delivery processes. It replaces 25-year-old legacy systems, upgrades all partner interfaces and introduces new services to both internal and external customers and users.

This enormous and very complex project required the never-ending passion, dedication and collaborative work of staff across the agency and many of our partners. We set out to:

- modernize our technology platform,
- close internal control gaps,
- improve internal efficiencies,
- enhance payment services and revenue processing
- and improve customer service.

In the process of designing, developing, testing and implementing the new system, we had to:

- implement over 50 tax, license, fee and permit types;
- quality check and convert hundreds of millions of data records;
- rebuild and upgrade over 120 external and internal interfaces and
- create thousands of enhanced internal processing procedures.

It also required tens of thousands of hours of data conversion, testing, training and internal and external communications.

This project impacted every part of DOR's organization, every team member and every partner. It included aggressive deliverable goals and deadlines. And we had to do it all while continuing to run all agency operations and services on our legacy systems—while serving customers and partners through multiple extremely challenging years, including during a once-in-a-lifetime pandemic. It was challenging, exciting, fun, rewarding and as I am sure you can imagine, exhausting.

Projects like this can fail and/or negatively impact organizations. They are typically over-budget and over-schedule. But due to the unwavering support by Governor Holcomb and his team, the General Assembly, our partner agencies including Indiana's Office of Management & Budget, State Budget Agency, Office of Technology and Department of Administration and due to the commitment, teamwork, collaboration and amazing contributions from our vendor FAST Enterprises, DOR team members across the agency and our partners, this project has hit every deliverable and every milestone and has been on schedule and on budget for 5 straight years.

No system or improvement project of this magnitude is ever perfect and throughout this project we have continuously learned and improved—that learning, and improvement will continue.

But overall, it has been a tremendous success for Indiana's taxpayers, the tax practitioner community, DOR and everyone who is involved in Indiana's tax administration world. We are confident we have established a strong foundation of success for many years to come.

We still have a lot to do to close the project and continue on our improvement journey, but it has been very successful, and our team is extremely proud.

Let me wrap up by saying that the DOR team is proud of the service we have provided and progress we have made in FY22, and we are looking forward to continuing on our journey to provide excellent, and continuously improving, service to Indiana and our fellow Hoosiers.

Once again, we thank you for your attendance and we look forward to your comments.

Attachment C: Ben Smith, Indiana CPA Society, Statement

Tax Resource Advisory Council

Indiana CPA Society

Comments: IN DOR Annual Public Hearing Comments

May 26, 2022

Good morning. Thank you Commissioner Grennes and DOR team, for the opportunity to provide comments on behalf of the Indiana CPA Society's members.

My name is Ben Smith, chair of the Indiana CPA Society's Tax Resource Advisory Council and President & CEO of Estep, Doctor & Company in Muncie and Anderson. I also serve on the Commissioner's Tax Advisory Council.

As I prepared my comments for this year's annual meeting, I considered our comments from the past few years recognizing the department has met numerous milestones and has also had and addressed a few areas of systemic issues of consequence. As a practitioner serving tax clients, I recognize the department has been agile, responsive and true to the mission of providing best in class customer service.

Among the milestones we find two especially notable milestones I wanted to mention: Administering taxes during the ongoing COVID-19 pandemic and Project NextDOR which has transitioned the state from the outdated and problematic legacy system to the new Indiana Tax System through INTIME.

We appreciate the well- planned multi-year execution of the transition which began in 2018. A celebration is due with the completion of the transition in Rollout 4, which is scheduled to be final in July of this year.

We congratulate the DOR team for being a Top Workplace USA award winner for two consecutive years and being recognized for the fourth year as an Indy Star Top Workplace award winner. As an advocate for CPAs practicing in tax, we experience the excellence these awards exemplify first hand.

We all know that nothing is ever perfect, and we expect situations to occur that are difficult to fix or have unintended consequences. In fact, the Society's Tax Resource Advisory Council was created to be an advocate with the agency and legislators for our members and the clients and organizations they serve. We rely on the department's responsiveness to issues as they arise and appreciate the partnership ideology, we enjoy with your team Commissioner Grennes.

In my firm as with other members I talk with, CPAs are the trusted advisor clients depend on, and turn to, for critical business decisions and their personal financial success. From a tax perspective they entrust us to file returns and represent their interests with state and federal tax agencies. They expect us to get it right, and to get it right the first time.

Our members are the tire that meets the road on Main Street Indiana. Unfortunately, this year we faced a bumpy road in the form of another difficult tax season. The season was made more difficult in early January when we heard from panicked and frankly angry clients who received a "Notice of Inconsistencies" indicating a change was made to their return, when in fact there were no changes made by the state. Some taxpayers also received a payment voucher implying a liability was due. In some cases, the taxpayer submitted a payment that was not yet processed by DOR and in others

they planned to make their payment by the due date of April 18th, but thought they had to pay it upon receiving the notice.

As INCPAS staff and TRAC members worked with DOR's teams we learned there were multiple issues with the notices. Some issues could easily be resolved and were, while others were more complex and ongoing. We appreciate DOR's all hands-on deck response to identifying the issues, resolving them and addressing the confusion amongst taxpayers and their representatives.

Our members were especially concerned the notices caused the taxpayer to think their CPA and trusted advisor did something wrong. Adding to that, CPAs had to take time for which they could not get paid, to resolve each client's notice. This required time and resources of CPAs at the busiest time of the year in an already untenable tax season.

We know DOR is committed to working with INCPAS to address the remaining issues and providing review of both the content and the need for certain notices. Understanding there may be a statutorial requirement for the notices, we also stand ready to seek a legislative change if it is needed to preserve the public trust and interest.

We look forward to this project and several others we know Commissioner Grennes is anxious to discuss so DOR can continue to serve Indiana by administering tax laws in a fair, secure and efficient manner.

On behalf of our nearly 7,000-member CPAs and accounting professionals who are transforming business in Indiana, I extend my sincere thanks to you and your team at DOR for your considerable efforts and service to Indiana's taxpayers.

Respectfully submitted:

Ben Smith, CPA, CGMA
Chair, Indiana CPA Society Tax Resource Advisory Council

The Indiana CPA Society is a statewide professional association representing nearly 7,000 CPAs and

Attachment D: Karen Ward, Indiana Legal Services LITC, Statement

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My name is Karen S. Ward, and I am the Director of the Low Income Taxpayer Clinic of Indiana Legal Services, Inc. I submit this commentary for the Department's 2022 Annual Public Hearing. Our Clinic represents low-income taxpayers who have controversies with the Internal Revenue Service (IRS) and the Department. For the past four years, our Clinic, along with the Clinics at Notre Dame Law School and the Neighborhood Christian Legal Clinic, have submitted commentary regarding the Department's policies and procedures on Hoosier taxpayers—particularly low-income taxpayers. The LITC at Notre Dame Law School is no longer in operation since the departure of its Director, Patrick Thomas, in 2021.

EXECUTIVE SUMMARY

We provide this annual report on the state of Indiana tax administration affecting low-income Hoosier taxpayers. This report summarizes the Department's meaningful improvements in tax administration over the past couple of years and recommends further improvements going forward.

In each report, we highlight the Department's progress over the last several years in tailoring its practices to the needs of low-income taxpayers and their representatives. Several of the Department's improvements include:

- Increased flexibility of payment plans;
- Revised notices for proposed assessments and demands for payment;
- Revision of offer-in-compromise acceptance procedures to provide resolutions for taxpayers with no disposable income;
- Published vehicle lien removal procedures on its website;
- Updated the form and language for taxpayers' relief from refund offsets applied to their spouses' tax debt;
- Quick and helpful assistance from the local branch offices;
- Development of a dedicated practitioner hotline; and
- Overall increased collaboration and communication between practitioners and the Department.

The Department deserves recognition for its drive towards customer service and efficiency. We want to specifically highlight the benefits of the practitioner hotline. Practitioners can call the hotline; and the Department's knowledgeable representatives assist practitioners immediately. The effectiveness of the practitioner hotline reduces practitioners' time and effort spent helping taxpayers get into tax compliance and benefits the taxpayers, practitioners, and the Department.

The Department's collaboration with practitioners exists within many divisions with the Department, including the Taxpayer Advocate Office, our local district offices, the Legal Division, and the Department's executive leadership. We noted previously that the Taxpayer Advocate Office has become an effective tool through which to resolve complicated tax compliance issues. We will now address seven areas that, in our view, represent key areas for the Department to focus on in the coming year: (1) the NextDOR/INTIME rollout for individual taxpayers; (2) the Department's Offer in Compromise and financial hardship programs; (3) the Department's new "injured spouse" and "non-liable spouse" procedures; (4) the Department's vehicle lien release procedures; and (5) the Department's coordination with County Sheriff offices in administering the collection of taxes through tax warrants.

1. *NextDOR/INTIME for Individual Taxpayers*

The Project NextDOR rolled out Phase 3 for individual Hoosier taxpayers in September 2021. Although on its website the Project NextDOR claims to be "a once-in-a generation project to modernize our current tax system," Project NextDOR has presented various challenges for the taxpayers we represent.

Taxpayers report to us they have difficulties navigating the website and establishing accounts, both for individual taxpayers and their authorized ePOAs. Requiring the creation of new accounts using Letter IDs presents a barrier, particularly for those Hoosiers or their ePOAs that may already have a difficult time navigating the Internet. It is also not possible for POAs to access taxpayers' INTIME accounts without the taxpayer first registering and approving access to the taxpayers' account.

Therefore, we recommend that the Department consider allowing power of attorneys to gain access to taxpayers' INTIME accounts once a standard State Form POA-1 is submitted to the Department, similar to the access a POA gains after submission of an IRS Form 2848 to the IRS CAF Unit. We also recommend that practitioners be allowed to opt-in to electronic only correspondence and to retain traditional paper correspondence if desired. Any move to a completely paperless system (i.e., all correspondence from the Department to individual taxpayers or their authorized ePOAs will default to being made through the INTIME system) should be clearly communicated and taxpayers and their ePOAs should be allowed to request notification by traditional mail methods.

2. *Communication with Authorized Power of Attorneys*

As we previously addressed, authorized representatives are not generally copied on Department correspondence. This leads to miscommunications and a lack of practitioner awareness of burgeoning problems, which the practitioner could likely more efficiently address at the outset. Although practitioners may receive electronic correspondence if their clients can navigate INTIME, low-income taxpayers have had a hard time registering and authorizing POAs through the site, as discussed above.

Often, practitioners call the Department to learn the status of an offer-in-compromise or protest letter, only to learn communication was sent to the client and not the practitioner. This delays the

practitioner from complying with requests (such as the need for further documentation) and resolving the case. In some instances, the delay causes a resubmission because the Department closed the case due to non-responsiveness.

We urge the Department and Taxpayer Advocate Office leadership to continue to ensure that all employees are appropriately trained on copying practitioners on any correspondence to taxpayers. We further recommend that the Department and Taxpayer Advocate Office to train employees to first call the practitioner when a power of attorney is on file before Department employees call represented taxpayers. Our Clinic's Power of Attorney forms request that representatives be contacted; however, practitioners are often not the first point of contact for phone calls.

3. *Revised Proposed Assessment and Demand for Payment Letters*

We previously expressed concerns over the language, format, and design of previous forms such as the AR-80, AR-40, and the letter informing filers of return adjustments could best be addressed during this reconfiguration. We appreciate the Department's revision of such forms, taking our concerns about these forms under consideration.

Therefore, we continue to encourage the Department to take this opportunity to improve the Notice of Proposed Assessment, the Demand Notice for Payment, and Letter informing individual filers of return adjustments from the forms (the AR-80, AR-40, and current return adjustment letter, respectively) they are set to replace. We particularly encourage that the Demand Notice for Payment form: (1) provides better information regarding remedies available, and (2) provides clearer next steps to proceed after receiving the form, especially where the taxpayer cannot pay the liability in full. We further encourage that the Return Adjustment letters: (1) be designed so taxpayers do not consider it a bill, (2) makes clear in plain language what changes are proposed, (3) includes information regarding next steps, especially how to begin the written protest process, and (4) if the Department wishes that these letters are to function as a Proposed Assessment, that the language of the notice must comply with Indiana Code § 6-8.1-5-1(d).

We also highlight the need to maintain taxpayers' rights to protest issues with their proposed tax assessments. Under Indiana Code § 6-8.1-5-1(b)-(h), the process for protest and appeal of assessments is rigorously laid out. We recommend that the Department do so in the Proposed Assessment letters rather than directing taxpayers to its website. We encourage the Department to place clear language and instructions understandable to the lay taxpayer on the adequate and proper next steps to take in response to a dispute to preserve the taxpayer's right to protest and, if necessary, appeal.

4. *Protest Submissions*

From conversations with Department leadership, it appears that the Department does not always treat a taxpayer's response to a Proposed Assessment as a "Protest" that provides an administrative hearing and appeal rights to the Indiana Tax Court. For example, an individual who forgets to include a required schedule or from whom the Department otherwise requests documentation may respond to the Proposed Assessment not with a Protest, but with the requested documentation. The Department then routes this documentation to the appropriate business unit, rather than the Legal

Division. This process represents efficient customer service; however, the Department should ensure that its internal processes treat responses to Proposed Assessments or adjustment notices, as a matter of law, as satisfying the Protest requirements of the Indiana Code.

Therefore, we likewise encourage the Department to review its processes and take this opportunity with the move to the INTIME system to thoughtfully consider the treatment of documents sent in response to Proposed Assessments and Return Adjustment Letters as potential protests. Further, we recommend the Department notify the taxpayer when the protest is routed to a unit other than the Legal Division.

5. *OCs and Hardship*

We appreciate the Department's responses over the past few years to our concerns regarding the Offer-in-Compromise and Financial Hardship programs. In particular, we note the Department's mirroring of IRS forms and the stated policy of following IRS collection financial standards. This helps practitioners and the Department to be more efficient in serving our customers and in collecting revenue. We hope the Department focuses on ensuring that employees follow this policy, and that that policy is published in an accessible format.

We also commend the Department and its Taxpayer Advocate Office for revising its policies to allow the acceptance of offers from taxpayers with negative or zero monthly income. This allows for more efficient collection of otherwise noncollectable state tax debt.

One concern regarding the offer-in-compromise program is processing times. Often the Taxpayer Advocate Office does not contact the taxpayer until a year or longer after the taxpayer submits the offer. Additionally, the Department, unlike the IRS, does not send any correspondence or notification that the offer has been received and a projected response date. We recommend that the Department restructure its offer program to process offers more efficiently and quickly. We also recommend the Department provide taxpayers with notification of receipt and an expected contact date from the Taxpayer Advocate Office.

6. *Vehicle Lien Release Procedures*

In our previous reports, we have also noted issues of the Department's vehicle lien release procedures. We acknowledge and thank the General Assembly for passing language in SEA 400 in the recent legislative session, requiring the implementation of an electronic lien and title system by 2023. Though we recognize this is primarily within the purview of the Bureau of Motor Vehicles, we continue to encourage the Department to work closely with the BMV in the process of implementing this new system with a view to improving and streamlining the interactions of taxpayers working with the Department to remove vehicle liens. Currently, it can take several weeks for the release of a vehicle lien. It is possible that taxpayers may incur additional storage fees or other fees for salvage vehicles, despite the resolution of the debt. A quicker, more efficient method would prevent taxpayers from incurring additional fees or fines simply because the lag between the release of the lien and issuance of clear title.

7. ***Sheriff Notices***

We appreciate the Department's response to our suggestion of creating a standard template for County Sheriff notices pertaining to tax warrants. We are particularly mindful that the Department may not wish to mandate the language contained in the tax warrant notices; that may be a decision best left either to the individual County Sheriff or to the General Assembly. Nevertheless, the Department should consider adopting a preferred or standard Sheriff's notice, that makes clear that the Tax Warrant provides the authority to collect taxes only—not to arrest the taxpayer for nonpayment of taxes.

8. ***Offset Bypass Refund Procedure***

Utility shutoff and evictions can cause homelessness and/or removal of their children by the Department of Child Services. The IRS provides a clear alternative to tax refund offsets for taxpayers at risk for losing such necessities. Taxpayers must provide documentation of the utility shutoff or eviction notice to the IRS. The IRS then bypasses the refund offset procedure and provides the taxpayer with that portion of the refund to the extent the funds would prevent utility shutoff or eviction. Utilities and housing are basic necessities that should not be at risk so that the Department can collect additional revenue.

Further, although the IRS would permit Hoosier taxpayers to receive a portion of their refund through its offset bypass procedure, the IRS cannot issue the tax refund directly to the taxpayer if the Department has a claim through the Bureau of Fiscal Services. We recommend the Department develop a procedure to allow taxpayers to receive their tax refunds to the extent it would prevent utility shutoff or eviction.

We thank you for the chance to provide these comments and look forward to collaborating with the Department as it works to improve service for Hoosier taxpayers in 2022.

Karen Ward
Director, Low Income Taxpayer Clinic
Indiana Legal Services, Inc.