

**TOP
WORK
PLACES
2019**

INDYSTAR
PART OF THE USA TODAY NETWORK

FY19 Annual Report



IN R E V I E W

Indiana Department of Revenue



TAXPAYER BILL OF RIGHTS

All Indiana taxpayers have certain rights and responsibilities under Indiana tax law. The Taxpayer Bill of Rights sets forth these rights and responsibilities.

1. Quality Taxpayer Service
2. Preservation of Taxpayer Rights
3. Taxpayer Education & Information
4. Fair Collections Process
5. Hearing Time & Representation
6. Demand Notices
7. Warrants for Collection of Tax
8. Judgment Liens Against Property
9. Annual Public Hearing & Report
10. Taxpayer Responsibilities

The Taxpayer Bill of Rights can be found online at dor.in.gov/3660.htm



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Top Workplaces Start With **GREAT PEOPLE**



COMMISSIONER'S LETTER

Dear Governor Holcomb,

As is customary, and pursuant to Indiana Code 6-8.1-14-3, it is my honor as Commissioner to present to you the Indiana Department of Revenue's ("DOR") annual report for fiscal year 2019 (July 1, 2018 - June 30, 2019, hereinafter referred to as "FY19"). During the past year, DOR remained steadfast in our pursuit of continuous improvement, enhanced customer service, and increased voluntary compliance for Hoosier taxpayers as we continue to take Indiana's tax administration to the next level.



DOR is in its 73rd year of existence as Indiana's official revenue agency. Last year's version of this report began with a note about agency transformation, specifically focused on workplace culture and technological modernization. Under your leadership and continued support of both endeavors, we had a clear objective: provide great government service at a great value to Indiana's taxpayers. I am proud to report that DOR's nearly 700 public servants passionately embraced both, culminating in our historic recognition as one of the *IndyStar's* Top Workplaces for 2019 (a first for state government), followed by the successful launch of Project NextDOR's first phase, comprised of business tax types and featuring DOR's new online, e-services portal. As of the date of this report's publication, certain Hoosier taxpayers are interacting with DOR and accessing their tax information in ways they have desired to do so for decades. It is but a matter of time now until the remaining phases of Project NextDOR - our multi-year modernization journey - will be implemented, covering all tax types and transactions between Hoosiers and DOR.

Exhibiting passion and dedication to public service, and putting in place standards of excellence often reserved for our friends in the private sector, we believe we are changing the traditional narrative about state revenue agencies. Given Indiana's consistent ranking atop most lists for government administration and efficiency, we are committed to doing our part to help solidify that positioning for years to come. There are exciting things planned for Fiscal Year 2020, notably the second rollout of Project NextDOR which has major statewide impact, but for now, we have captured the highlights and relevant statistical information that comprise Chapter 73 in DOR's history book.

Respectfully,

A handwritten signature in black ink, appearing to read "Adam J. Krupp".

Adam J. Krupp



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DOR RECOGNIZED AS A TOP WORKPLACE IN 2019



Translating Vision into Reality

Organizational health and employee engagement are common topics in top performing companies that know a positive and healthy culture will deliver superior results. With the passion for building a “top workplace,” DOR developed a plan to capitalize on the experiences and apply the best practices of successful organizations. The execution of that plan has resulted in an enormous change in our culture.

In early 2017, we began a journey to improve our culture, primarily by finding ways to increase employee engagement and satisfaction in the workplace, believing this was a crucial step toward delivering a heightened level of service to Hoosiers. We set a very high expectation for ourselves; to build an organization that is challenging, rewarding and fun – a special place where every team member is trusted, respected and valued. To solidify this direction, DOR’s vision was updated in 2017 to include being recognized as a great place to work – a huge challenge for any state government agency.

We took our first step by conducting a homegrown employee engagement survey. We wanted to hear directly from every team member regarding what they felt we were doing well, and what needed to improve. We received and analyzed the feedback, and developed an improvement plan that included new employee-centric programs and initiatives.



In June 2017, we heard about the *IndyStar's* Top Workplaces program and decided to volunteer to have our team be anonymously surveyed by Energage. While it was unconventional for a government agency to participate in a program like this, we felt it was important to have an outside organization utilize scientific survey data and result analytics to assist us. We also wanted to be benchmarked against organizations that invest heavily in employee engagement. Not surprisingly, we were one of only a handful of government agencies around the country who stepped up to this challenge.

Eighty-six percent of DOR team members voluntarily participated in our 2017 Top Workplaces survey, well above expectations and other program participants. The survey results provided us tremendous feedback and information to help us continue improving our culture. We took the feedback very seriously and utilized it to make additional organizational enhancements throughout 2018. While we were pleased with the overall 2017 survey results, we did not receive the Top Workplaces award.

We were anxious to see our progress so we volunteered again for the 2018 program. Eighty-seven percent of DOR team members voluntarily participated, and we received more than 1,800 anonymous comments. The feedback and input indicated we had made significant improvements across the entire organization. In fact, out of the 15 questions that correlated to organizational health, our team's feedback showed improvement in all 15, many with significant improvements.

Benchmarked Against the Very Best

Being benchmarked against organizations that invest heavily in employee engagement was eye-opening. In 2017, our results were below the other government agencies around the country that participated, and well-below a blended benchmark which included large private sector financial services companies. In 2018, our team's results increased significantly, moving well above government agencies and equal to our blended private sector benchmark.



Being Named a 2019 Top Workplace

On Sunday, June 9, 2019, the *IndyStar* published the results of the Top Workplaces program. A first for any Indiana government agency, DOR was featured in the large organization category, which is limited to just 15 organizations.

We are especially proud because this award is employee-driven. It is an award based on anonymous and honest employee feedback. Being named a Top Workplace is recognition from an industry-leading employee engagement firm, based on their independent analysis of our team members' feedback about our culture and organizational health. It is also a result of being benchmarked against other Top Workplace award winners.

Our Work Continues

While we are very proud of receiving this award, our commitment to continuing to improve our culture has never been stronger. This is an ongoing journey. We will participate again in the 2020 program, bringing the same commitment to the results while continuing to improve our culture.



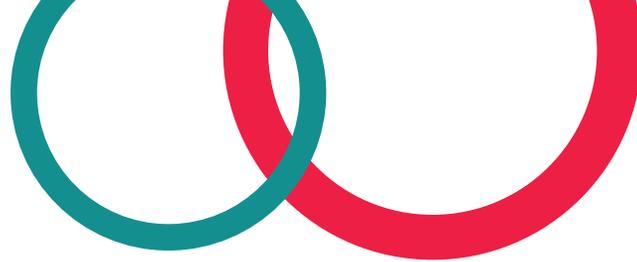
“This amazing designation announces clearly to our fellow Hoosiers that DOR is a hard-working, fun-loving, customer-focused community who is here to help and to do our best for the citizens of Indiana. From a public perspective, this award helps put ‘humanity’ back into ‘government’ and it is an honor and a privilege to be a part of that!”

– Janis, DOR IT Division

#WeAreDOR



PROJECT NEXTDOR



DOR embarked on a once-in-a-generation opportunity to completely transform the agency in 2017 when Project NextDOR was introduced with the support of Governor Holcomb and Indiana's General Assembly. Upon completion of this multi-year modernization journey, Indiana's tax processing systems and all related business processes will be better positioned to deliver best-in-class customer service to Hoosiers. In FY19, we achieved several critical project milestones, culminating in the successful implementation of the first rollout (of four total) on September 3, 2019. Project NextDOR includes a major technological upgrade to our core processing systems; it also comprises all business units' daily procedures and represents a historic shift in our ability to deliver great government service.

Benefits of Project NextDOR

The modernization efforts behind Project NextDOR will eventually take how all taxpayers file, pay and view information to the next level. The current processing system has been in place for more than 25 years and presents many challenges, inefficiencies and limitations for both DOR and customers. Simple requests, such as access to tax transcripts, are not possible with the current software. Project NextDOR is implementing the best, most efficient tax system at a reasonable cost to Hoosiers. The key features of the new system upon completion include:

- Enhanced online customer-facing portal to allow Hoosiers to view past payments and returns.
- Electronic filing of tax returns and payments that are currently submitted via paper.
- Ability to file amended returns electronically.
- Validation and transparency of revenue disbursements and reporting to local units of government.



Improve Customer Service



Minimize Internal Control Gaps



Minimize Technology Risks



Improve Payment Services



Improve Internal Efficiency

Identifying Our Team

A dedicated group of DOR team members was identified to lead the four-year implementation of Project NextDOR. Team members from Audit, Business Systems Support, Customer Service, Finance and Information Technology were pulled from their day-to-day divisions to provide their expertise to the project. The team joined forces with more than 80 additional subject matter experts in identifying and documenting more than 2,000 business processes. Having dedicated DOR team members from every corner of the agency to ensure all processes were addressed when creating the new system is crucial to the project's success. Together, the team also gathered current barrier and new requirement information from our business partners and tax practitioners. A detailed Request for Information was created and a formal Request for Proposal was published, and FAST Enterprises, LLC, a worldwide leader in revenue administration system solutions, was selected in early 2018.

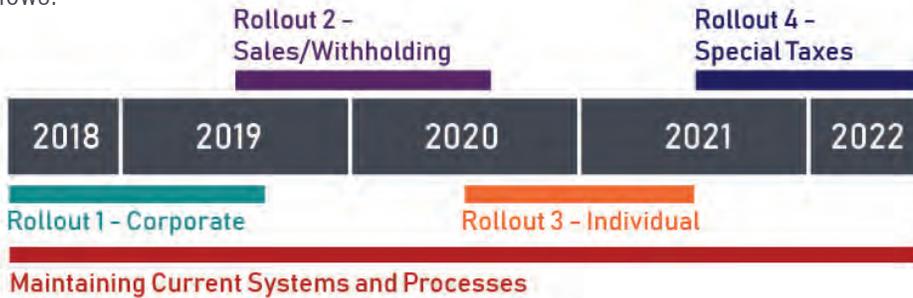


Project Approach

As soon as the ink was dry on the signed contract, FAST and DOR immediately got to work to prepare our internal and external audiences for Rollout 1. Upon successful execution of the contract with FAST, the team began developing its implementation strategy – identifying the specific tax types contained within each project rollout has proven to be one of the most critical decisions when modernizing revenue processing systems nationwide. Early on, it became apparent that Indiana’s tax processing system could best be overhauled in four rollouts over a four-year period. From there, DOR began the process of training internal staff and previewing Rollout 1 to external audiences, consisting of the tax types featured below. The overall project implementation strategy is broken down as follows:

A four-tier training program was designed to enable our team to perform their work in the new system.

- Tier 1: Computer Based Training of over 100 training modules per person.
- Tier 2: Classroom environment with instructors teaching fundamentals.
- Tiers 3 and 4: Job-specific practice labs involving 20 trainers providing unique courses to 400 staff members.



Rollout 1 Production Implementation

Rollout 1 Tax Types	Register for e-Services	View Correspondence	File	Amended Returns	Pay	Send Messages, Update Names & Addresses
Aircraft Dealer	✓	✓	✓	✓	✓	✓
Aircraft Excise	✓	✓	✓	N/A	✓	✓
C Corporation	✓	✓	✓*	✓*	✓	✓
Financial Institution	✓	✓			✓	✓
Non-Profit	✓	✓	✓	✓	✓	✓
Partnership	✓	✓	✓*	✓*	✓	✓
S Corporation	✓	✓	✓*	✓*	✓	✓
Utility Receipts	✓	✓	✓	✓	✓	✓

*Returns are filed through the IRS’ Modernized e-filing (MeF) gateway

Rollout 1 featured DOR’s new, self-service, online portal - the Indiana Taxpayer Information Management Engine (INTIME) - a major highlight of Project NextDOR. In conjunction with the tax types contained in each rollout, INTIME will eventually enable Hoosiers to manage their tax information in one convenient location for the first time.





Username

Password

Log in

Forgot username or password

Don't have a username?
Create One

Best-In-Class Customer Service

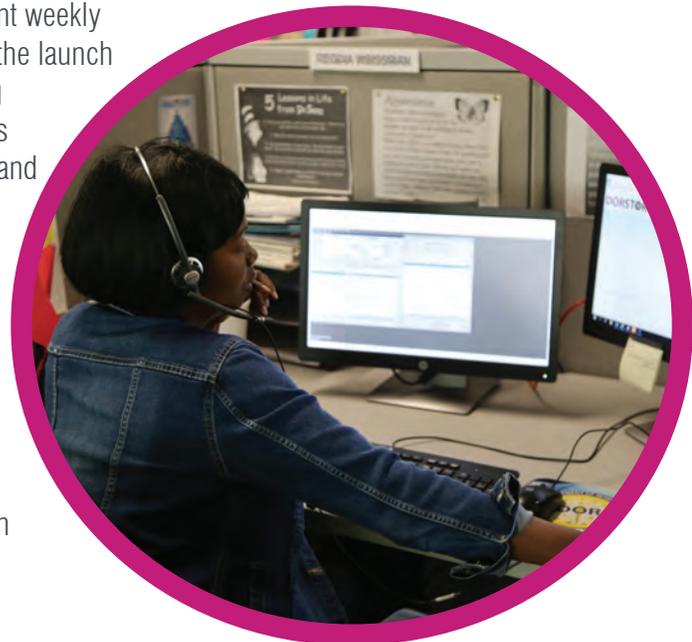
As with any new program, DOR has taken extra steps to care for our customers during this time of transition. We have dedicated Customer Service Representatives available to help all customers and tax practitioners with their INTIME questions. In addition, we created an INTIME User Guide and video tutorial to walk customers through the process of registering for INTIME, while also providing helpful tips to ensure an easy transition into the new system. This guide and other helpful resources are available at ProjectNextDOR.dor.in.gov.

An additional feature specific to INTIME in Rollout 1 is the new option to submit an electronic Power of Attorney (ePOA) to streamline the establishment of third-party relationships, such as lawyers, tax practitioners and family members. DOR team members within Customer Service and the Taxpayer Advocate Office collaborated with various tax practitioners for over a year to pinpoint the main issues of the submission process. Together they established a more efficient and time-saving method that was implemented within INTIME.

DOR leadership met with various tax practitioners throughout the year to introduce Project NextDOR and INTIME, and specific features of Rollout 1 including the new ePOA process. All project-related topics received positive attention and much anticipation among the practitioner community. In addition, we sent weekly communications to over 60,000 subscribers in the weeks leading up to the launch of Rollout 1—each with a 45% or higher open rate, which is outstanding considering the average open rate for government communication is less than 20%. We also received requests to place Project NextDOR updates and content in tax community organizational newsletters and received more than 5,000 visits to the project webpage.

Focus on Rollout 2

Rollout 1 was successfully implemented on September 3, 2019 (as part of FY20), thanks to our entire team and our partners at FAST. As of October 1, we are in the planning and design phases of Rollout 2, which will include several tax types, namely sales/use, withholding, food & beverage and county innkeeper taxes. Rollout 2 is set to launch in September 2020.



Visit ProjectNextDOR.dor.in.gov for the latest information.



DEPARTMENT LEADERSHIP

Adam Krupp, Commissioner

Adam Krupp was appointed Commissioner by Governor Holcomb in January 2017. Before joining DOR, Adam served in multiple positions throughout Indiana state government, including General Counsel for the Bureau of Motor Vehicles, Special Counsel to the Office of Governor Mike Pence and as Deputy Director and Counsel for Indiana's Division of Family Resources. Adam also clerked for the Honorable Paul D. Mathias of Indiana's Court of Appeals. Adam has extensive litigation experience, having represented corporate clients with two large, New York-based law firms throughout his career. He grew up in Plymouth, Indiana and earned his bachelor's degree from Purdue University and his J.D. from Indiana University's Robert H. McKinney School of Law.



Emily Boesen, Chief Communications Officer

Emily uses her more than 12 years of state experience working in various communication and marketing roles to tackle pressing media inquiries and creating new ways to communicate with DOR staff and stakeholders. She previously served as the Director of Public Programs for the Bureau of Motor Vehicles, Director of Marketing for the Department of Workforce Development and Deputy Press Secretary for the Indiana House Republican Caucus. She graduated from Ball State University with degrees in Public Relations and Communications. She recently completed the Indiana Department of Corrections' Experienced and Emerging Leaders program and the Indiana Leadership Forum.



Dwaine Brinson, Inspector General

Prior to joining state government, Dwaine began his career with the federal government in Chicago as an Internal Auditor with the Internal Revenue Service. He later served as the Special Agent in Charge for the Treasury Inspector General for Tax Administration's Chicago field office for two years. He directed the Chicago Field Division operations with direct supervision of 42 investigators, managers and administrators. A native of Chicago, Dwaine holds a degree in Accounting from Roosevelt University.



Bob Grennes, Chief Operating Officer

Bob has experience as a service operations engineer with a passion for building and nurturing healthy, successful and continuously improving cultures, teams and organizations. He is an architect and driver of strong corporate cultures built on respect, collaboration and teamwork – building organizations that deliver outstanding and continuously improving results. During Bob's private sector career, he led information technology departments, financial service business operations divisions and organizational development and modernization initiatives, all in high-volume and high-complexity businesses. He also played a transformational leadership role in the growth and improvement of high-impact projects, teams and organizations in a variety of executive positions.

Kevin Gulley, Chief Information Officer

Kevin has been a member of the Agency since 2007 and is currently serving as CIO and the leader of the Information Technology organization and the transformational modernization initiative, Project NextDOR. He has experience as an information technology and operational leader in both public and private sector organizations. Prior to joining the agency, Kevin served as the Vice President of Health and Corporate Systems at Conesco Insurance and served in a variety of IT leadership roles at Anthem Insurance. Kevin earned his bachelor's degree in Quantitative Business Analysis from Indiana University and holds an MBA degree from Butler University.



Tammy Jones, Director of the Taxpayer Advocate Office

Tammy joined the agency in 1989 and has served customers in the Taxpayer Advocate's Office, Customer Service, Bankruptcy and Legal divisions. She currently is involved with the Commissioner's Tax Advisory Council and serves as a subject matter expert with Project NextDOR. Tammy is the Director of the Taxpayer Advocate Office. Her team oversees the Claim for Hardship, Offer in Compromise, and Problem Resolution programs, as well as assisting active-duty military personnel with tax debts, incarcerated individuals with tax matters and other urgent tax issues.



Zia Mollabashy, General Counsel

As General Counsel, Zia heads DOR's Legal Division. He advises the Commissioner and DOR on high-level legal issues. Prior to joining DOR, Zia spent more than 13 years as an attorney at Barnes & Thornburg LLP, where he focused on state and local tax matters. Zia received his bachelor's degree in English and Philosophy from Indiana University and a J.D. from the University of Pittsburgh.





Chris Russell, Policy Director

Chris manages the Tax Policy team who is responsible for all DOR legislation and guidance. He also oversees special legal initiatives designed to further enhance DOR’s commitment to simplification, accuracy and reliability of tax services. Prior to joining DOR, Chris served as Deputy General Counsel at the Bureau of Motor Vehicles. Chris operated a private law practice focused on general corporate/business matters, including contract review and drafting, licensing, intellectual property and business forecasting/planning. He earned his bachelor’s degrees from DePauw University in Music and Business, and his J.D. from Indiana University’s Robert H. McKinney School of Law.

Casey Spivey, Director of Human Resources

Casey has worked in Human Resources for the Indiana State Personnel Department for six years and has served a number of agencies including the Department of Revenue, Department of Local Government Finance, Department of Correction and the Lieutenant Governor’s Office. Currently, in addition to DOR, she is the HR Director for Department of Local Government Finance (DLGF) and Indiana Public Retirement System (INPRS). Before joining the State Personnel Department, she attended Indiana University’s Kelley School of Business where she earned a bachelor’s degree in Human Resources Management and Business Management.



Ed Vance, Chief Financial Officer

After beginning his career as a CPA in the Audit division of Ernst and Young, Ed has held numerous corporate finance positions in his more than 20-year career in the private sector. Before joining DOR, Ed was the Assistant Treasurer and Corporate Officer for Remy International, Inc, an automotive parts supplier, which was formerly a division of General Motors. At Remy, Ed played a critical role in helping the company successfully emerge from bankruptcy in 2008 during the housing and banking-led financial crisis. Prior to that, he spent several years in the banking industry at JP Morgan Chase where he obtained valuable experience in treasury services and commercial and industrial lending.

For DOR’s full organizational chart, visit dor.in.gov and click “About Us” under the main menu.



OUR FOUNDATION

Pyramid of Excellence

Unveiled by Commissioner Krupp and his leadership team in FY17, DOR's Pyramid of Excellence includes the agency's mission, vision and purpose, all which were re-engineered to capture the culture and brand DOR is building. Displayed throughout the organization, this symbol serves as our agency's compass, continuously directing and encouraging our team.



Putting Our Core Values Into Action

As DOR's new culture began to solidify in 2017 and 2018, a clear set of core values began to emerge capturing our organization's beliefs, philosophies and behavioral expectations. Initially developed in FY18, our seven core values further solidify DOR's culture and define how we work together both internally and externally with all customers, stakeholders and partners. In FY19, the values were expanded to include action-based behavioral statements and symbols to help bring each individual value to life.

Fun	Leadership	Integrity	Respect	Teamwork	Service	Continuous Improvement
Celebrate and enjoy what you do.	Through positive actions, inspire others to become more.	Always do what is right. Take action when it is not.	Be kind, humble and mindful. Appreciate and value diversity.	Focus on we, not me.	Lose yourself in the service of others.	Be relentless about always getting better.

The graphic to the left depicts the collection of values together along with actual DOR team members and is displayed at each of our 13 locations throughout Indiana. More importantly, everything we do stems from one or more of these core values. They continue to be successfully utilized in our recruiting, onboarding, training and performance management systems. They are also at the very foundation of all employee recognition and reward programs.

AGENCY UPDATE

The work performed by DOR's team members is complex and we take our responsibilities seriously. We are passionate that our very best work requires continuous communication learning, growing, celebrating and having fun along the way. One of the key activities that help us on that quest is our quarterly Agency Update, which brings our team members together for a high-energy, engaging and informative event.

There is a good chance that you have never been to a "meeting" quite like a DOR Agency Update. These events occur every few months at the government center and are streamed to our team members throughout the U.S. These meetings have become known for their high-energy, fun, and even a bit of singing while sharing leadership principles, motivational reminders about public service, and updates on agency programs and projects. A few event highlights include the Employee of the Year announcement, team, project and agency accomplishment celebrations, and information sharing about important agency initiatives. The result of these events include team learning, alignment and a feeling of fellowship among team members.

Guest speakers are regularly invited to participate in these events and FY19 featured appearances by Indiana Secretary of State Connie Lawson and author and motivational speaker CJ McClanahan. Secretary Lawson highlighted the responsibilities of her office and shared the continued progress on key initiatives her team is leading. CJ McClanahan provided impactful advice and powerful inspiration on teamwork, collaboration and successfully working with multi-generational team members. In addition, this year's showcase event was in June when Commissioner Krupp announced DOR's recognition as one of the *IndyStar's* 2019 Top Workplaces.

Our Agency Update is just one example of how our team members collaborate, celebrate, improve and nurture our healthy culture. Team members conduct smaller versions of this event across the agency throughout the year – all driven by our passionate commitment to our core values and the belief that we are so much better together than we are individually.

"Being a state employee for over 35 years, these meetings are the first time I have felt like I, and all of my team members, are truly a part of the agency. These events drive our culture, communications and team member growth. I have watched many team members go from a poor attitude about their jobs to being highly motivated. These events are one of the best additions to our agency."

– Don, District Manager of Audit Operations

CJ McClanahan



Connie Lawson



STATEWIDE LISTENING TOUR

Listening to Our Customers and Partners

DOR team members, tax professionals and Hoosiers will all attest to the fact that taxes can be extremely complex. To do it well, it requires a shared commitment to quality, service and continuous improvement. It also requires open communication, collaboration and effective partnerships across the state.

A fundamental component of DOR's service strategy and culture is to enable our team to maintain positive and collaborative relationships. Positive relationships allow our team to share information, obtain feedback and address issues that have been identified. It also provides an input mechanism for processes, procedures and service improvements.

Terre Haute



Throughout FY19, DOR leaders met regularly with individuals, organizations and tax practitioners from around the state to share agency information, answer questions, obtain direct feedback and receive advice. We held meetings with the Indiana CPA Society, Society of Enrolled Agents, Commissioner's Tax Advisory Council, county auditors and other tax-related organizations. DOR team members personally traveled the state to ensure we heard from all areas of Indiana; we understand the concerns, say, in Merrillville may be different than those in Evansville.

Merrillville



Our main focus of conversation was Project NextDOR—the agency's modernization initiative. We introduced the project, provided project highlights and benefits then conducted demonstrations and answered questions. Not only was DOR able to obtain invaluable feedback from practitioners from around the state prior to Rollout 1, but the conversation allowed practitioners to be rest-assured they would be prepared for any and all changes taking effect with each of the four rollouts.

Lafayette



COMMISSIONER'S TAX ADVISORY COUNCIL

With a heightened sense of enthusiasm and eagerness for improvement, FY19 was the year of collaboration for the Commissioner's Tax Advisory Council. Established in 2017, the 14-member council connects DOR directly with business leaders and tax experts who strive for effective tax administration in Indiana. Volunteering their valuable time, members provided guidance regarding agency communications, operations, policies and various initiatives throughout FY19. Each member brings their individual insights, perspective and background to the conversation.

Council members collaborated in focus groups and one-on-one engagements with DOR staff across the agency, and openly discussed a variety of state and national tax topics. Members received a first-glance into legislative proposals and tax season statistics but also were given individual and group assignments that concentrated on specific areas such as audit operations, customer service, policy and modernization.



“Being chosen by Commissioner Krupp two years ago has been very special for me and my career as a CPA. I’ve really enjoyed being part of the process of helping taxpayers, the practitioner community, the Indiana CPA Society, and the Indiana Department of Revenue bring an unprecedented level of customer service and process improvement to the forefront.”

- Ben Smith, Advisory Council member



In FY19, members contributed to the newly-published and highly-anticipated audit manual, provided direct feedback on DOR's new e-services portal (INTIME) and collaborated to improve the Power of Attorney and Offer in Compromise application processes. All of these projects were already on our radar, but with the input of the Advisory Council, all projects were taken to the next level of best-in-class service.

We look forward to continuing to partner with council-members on important project and initiatives, to not only improve stakeholder relations but to also improve our policies and procedures.



SUMMER INTERNSHIP PROGRAM

Developed in 2017, DOR's summer internship program introduces students to the rewarding and impactful work performed by our agency. A welcoming environment and valuable, challenging and exciting first-hand experiences are integral to our internship program. Our goal is to create a one-of-a-kind experience introducing interns to not only DOR programs and initiatives, but to all of state government.

"The people that work for DOR are one of the reasons they were one of the top workplaces in 2019. Their people will help and support with whatever issues occur and will be kind to anyone that needs help."

- Evan, Intern

"We strive to provide not only a real-life work experience, but a deeper understanding of public service. Our interns meet with elected state officials as well as personnel from other state agencies. We also ensure our interns have opportunities to have fun and relax – like going to an evening Indianapolis Indians baseball game!"

- Kristin, DOR Intern Program Coordinator

The 2019 internship experience included weekly presentations by various DOR divisions, tours of the Indiana Statehouse and elected officials' offices, and exclusive sessions with state leaders such as Lieutenant Governor Suzanne Crouch Treasurer Kelly Mitchell, Auditor Tera Klutz, Attorney General Curtis Hill and Judge Martha B. Wentworth. DOR's 11 interns worked in many divisions including Communications, Compliance and Ethics, Finance, Inspector General, Investigations, Legal, Motor Carrier Services and Policy.

"The Legal Team had a great class of Summer 2019 interns! The interns left with substantive resume-building experience and excellent exposure to the value of public service. Several of us enjoyed recruiting candidates at surrounding law schools and then mentoring the lucky few who landed at DOR. We love our interns! They learn and we learn too."

- Lena, DOR Legal Intern Recruiter



DOR interns with Lieutenant Governor Suzanne Crouch (center)

DOR interns with Indiana State Treasurer Kelly Mitchell (third from right)





DOR interns with Judge Wentworth (center)

Our interns received a glimpse of the inner workings of state government and the importance of public service. They also had the opportunity to serve the local community with Commissioner Krupp and our teammates by volunteering with the agency's #DORGivesBack volunteer program.

Each year, we continue our efforts to expand our internship program, offering interns one of the most diverse, inclusive, vibrant, fun and challenging internship programs in state government.

“My summer internship with the Department of Revenue was a great way to learn more about my state and its day-to-day operations, as well as meeting a variety of new people.”

- Dominic, Intern

2019 Summer Intern Schools

Franklin College • Indiana University

IU Maurer School of Law • IU Robert H. McKinney School of Law

Purdue University • Tuskegee University/Langston University

University of Notre Dame

DOR interns with members of the Indiana Inspector General's Office

DOR interns with Attorney General Curtis Hill (seated)



STATE EMPLOYEES' COMMUNITY CAMPAIGN

DOR Made it Count for the SECC

Every fall, state employees come together for a great cause—the State Employees' Community Campaign (SECC). For more than 40 years, the SECC has encouraged charitable giving among state employees in collaboration with the Indiana United Ways. Agencies work together to raise money for various charities while also encouraging their employees to make individual donations to the charity of their choice.

In 2018, DOR's own Commissioner Krupp was selected to serve as the SECC Chair. As Chair, he selected the "Let's Make it Count" slogan and designated Project 44 as the official charity for the statewide campaign. Project 44 is an Indiana-based non-profit that promotes the national bone marrow registry and was started in memory of former Butler University basketball player, Andrew Smith.

The SECC kickoff event was one for the record books that included a dunk tank, pie-in-the-face, live music and a visit from First Lady Janet Holcomb. Several agency leaders took their turn in the dunk tank to raise money as well as volunteered to get a pie (or twelve) in the face. Dozens of 501(c)(3) non-profit organizations were onsite promoting their respective causes.

Additional statewide events organized by Commissioner Krupp and our team included a lip sync battle, paddle battle boat races, a silent auction, bake sales and an ice cream social—many of which were first-time fundraiser events for the SECC.

DOR conducted internal fundraising events as well, including a chili cook-off, spirit days, Halloween costumes and activities, bake sales, coin jars and candy-grams.

The feature event was the inaugural 3-on-3 basketball tournament hosted by Governor Holcomb at the Governor's Residence where state agencies competed against each other for the title. Governor Holcomb, Project 44 representatives and the Butler University Cheerleaders gathered to cheer on all participating teams.

The SECC 3-on-3 basketball tournament hosted by Governor Holcomb at the Residence.



All participating agencies pulled together to raise \$1.54 million, surpassing the goal of \$1.5 million and breaking the previous record for money raised by the SECC.

2nd and 3rd place winners, Emily and Michelle, after the

DOR alone surpassed its \$120,000 goal set by Commissioner Krupp by raising \$148,613.

DOR Goal **\$120,000**

Total Raised **\$148,613**

Additionally, DOR was proud to spotlight its 209 Champion-level givers and 33 Torchbearers. Torchbearers donate \$1,000 or more to the campaign and a Champion Level giver donates one-half hour of pay per pay period for a calendar year.

“To say we were humbled by our selection as the charity of choice for the SECC program would be a gross understatement. Our selection has not only generated critical funds to support our mission of saving lives through bone marrow donation, perhaps more importantly, it’s opened doors to conversations that have already begun to affect change at the highest levels in the state. The SECC program, its participants and leadership represent the best of the best, and we are so grateful to have been able to develop relationships that will last a lifetime.”

– Krissi, Co-Founder, Project 44



Indiana’s First Lady Janet Holcomb and “First Dog” Henry stood alongside DOR members while attending the kick-off celebration for the SECC.



33
Torchbearers



209
Champion-level givers

DOR team members participating in the Lip Sync Battle to raise money for the SECC.



#DORGIVESBACK

#DORGivesBack Volunteer Initiative

DOR's #DORGivesBack program allows team members to truly "give back" to their communities around the state. Each team member takes time out of their busy workweeks to volunteer using their own personal or vacation time to work together to help various organizations accomplish their goals. In FY19, #DORGivesBack not only became an award-winning program, but DOR team members volunteered 820 hours throughout nearly a dozen organizations. Some of the larger volunteer events are featured below:

Habitat for Humanity

Habitat for Humanity

Volunteers from many of our different teams worked hard in the heat to help build homes for families with Habitat for Humanity. These volunteers donated nearly 40 hours of work throughout FY19 to specifically help Hoosiers obtain their dream of a new home.



HVAF of Indiana

Our teammates were excited to work outside on landscaping and clean up properties for homeless veterans through the Hoosier Veterans Assistance Foundation (HVAF) of Indiana. With temperatures upwards of 100 degrees, the team didn't waiver, donating over 60 hours of time to ensure these Hoosiers have comfortable homes.



HVAF of Indiana

Central Indiana Police Foundation

Individuals throughout our agency took on the challenge of assembling 750 trauma kits for the Central Indiana Police Foundation at our Reagan facility. This indoor event drew over 70 volunteers to assemble kits in record time. Each trauma kit contained eight items and was placed with law enforcement officers throughout the state to use in emergencies. Several officers were onsite to provide assistance to volunteers, and to explain the importance of the kits and how many lives are saved as a result of having them accessible.



Gleaners Food Bank

Gleaners Food Bank

Gleaners Food Bank of Indiana is always a DOR favorite and our biggest turnout. The team came together in November and March to package potatoes, check expiration dates and sort food to help Gleaners distribute supplies to 21 Indiana counties, including food pantries, soup kitchens and shelters. In addition, volunteers helped Gleaner's staff provide over 21,000 meals to Hoosiers at each of the volunteer events.

An Award-Winning Program

In November 2018, the #DORGivesBack program was awarded the Government Entity Award from Serve Indiana—a first for us and Serve Indiana. A state agency has never been considered for any of the Serve Indiana award categories, which resulted in the organization creating a new category they intend to promote for years to come spurring state employee volunteerism. These awards celebrate both individuals and organizations that inspire volunteerism to make a difference in their communities, and we were no exception.

Serve Indiana was not the only organization that noticed our volunteer efforts in building team morale while providing support to local communities. The Federation of Tax Administrators (FTA) took note and awarded us with an FTA award at their national conference in June. Several state leaders reached out to our team members to discuss the logistics of #DORGivesBack in order to implement a similar program in their state.

“One of the most incredible and inspirational feelings I have ever had comes from giving back to my community and knowing what I do will make a difference. #ItsNeverTooLateToGiveBack”

-Vincent, Audit Compliance and Support



Muncie team members volunteering with Panther Pantry

“HVAF has been absolutely blown away by DOR’s continued generosity toward our veterans. Not only have they given their time and talent to work on property beautification at our housing properties, they have given their treasure as well—which goes a long way in our fight to end veteran homelessness. We appreciate DOR joining us in our mission and vision for our Hoosier heroes.”

-Brian, President and CEO of HVAF

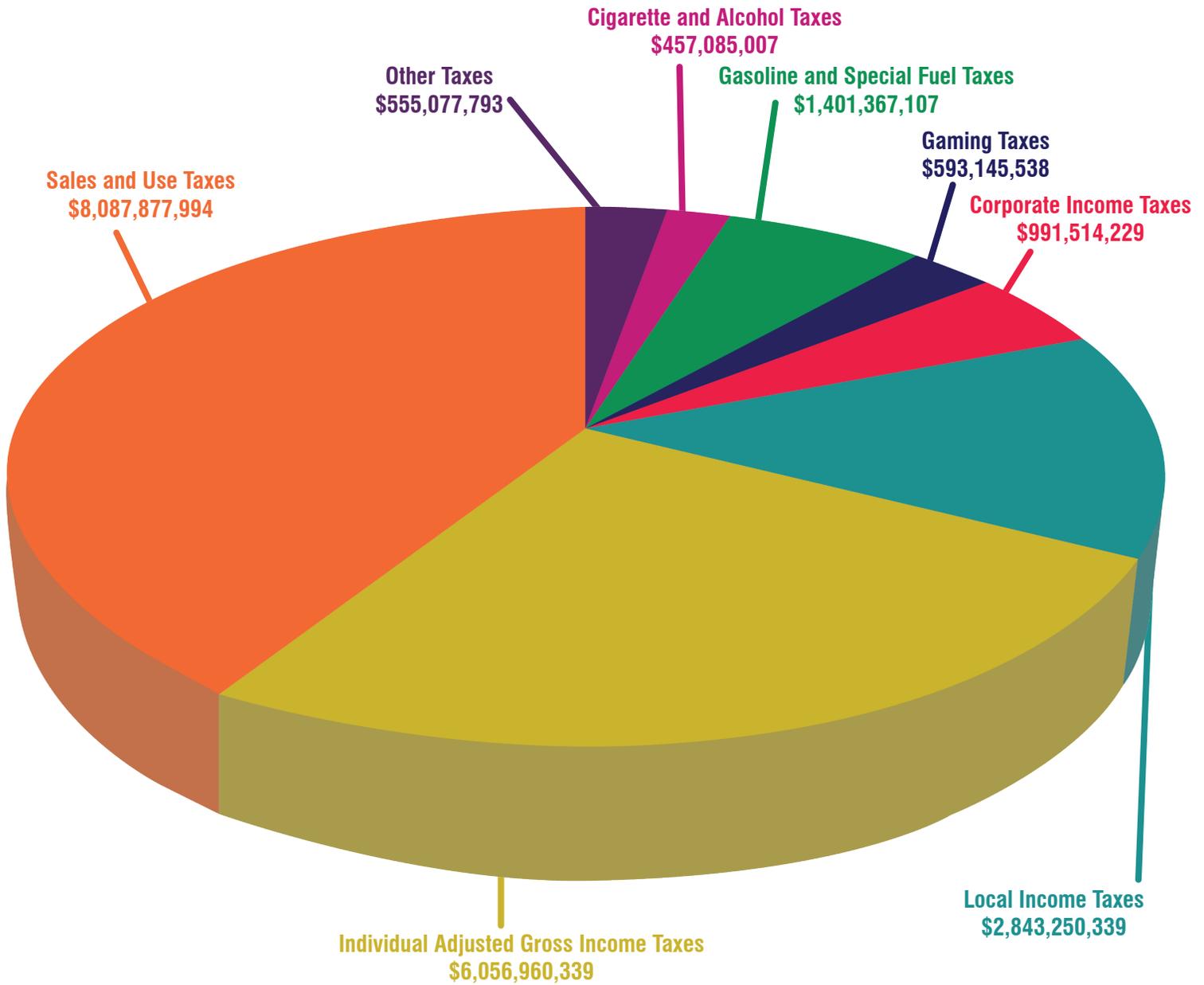
“I was attending a fall event featuring nonprofits when I was introduced to Commissioner Krupp. It was a great event and it was good to interact with many folks who had a genuine interest in giving back. I was so impressed with his management style and view on getting his people involved in giving back. We scheduled an assembly project this year and the team was so positive, helpful and finished the work in half the time we expected. Our experience was really refreshing. The team was a great group and we were so happy to work with them!”

-Lisa, Executive Director of Central Indiana Police Foundation

DOR volunteers and Central Indiana Police Foundation members after the #DORGivesBack event assembling kits for officers.



SUMMARY OF FY19 TAX RECEIPTS



DOR collected **\$20,986,278,346** for more than 65 active tax types in FY19.

INDIANA TAX RECEIPTS

ALL AMOUNTS IN THOUSANDS

Tax Type	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	\$ incr (dcr)	% incr (decr)
Individual Adjusted Gross Income Tax	\$4,765,466.5	\$4,972,809.6	\$4,896,316.5	\$5,232,989.3	\$5,218,165.8	\$5,435,292.5	\$5,816,071.7	\$6,056,960.3	\$240,888.6	4%
County Adjusted Gross Income Tax (CAGIT)	\$511,663.3	\$529,134.8	\$619,385.6	\$728,955.2	\$777,201.6	\$399,052.1	N/A	N/A	N/A	N/A
County Economic Development Income Tax (CEDIT)	\$272,408.7	\$279,006.7	\$304,800.3	\$326,601.9	\$336,123.7	\$171,657.2	N/A	N/A	N/A	N/A
County Option Income Tax (COIT)	\$739,869.9	\$754,692.9	\$805,742.9	\$882,188.9	\$935,027.7	\$477,079.5	N/A	N/A	N/A	N/A
Local Income Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,139,622.1	\$2,383,681.0	\$2,535,093.7	\$151,412.6	6%
LOIT and LIT Reserve	\$0.0	\$207,954.0	\$200,798.4	\$180,844.0	\$215,367.0	\$210,379.2	\$275,166.5	\$308,156.7	\$32,990.2	12%
Corporate Adjusted Gross Income Tax	\$700,296.1	\$669,063.9	\$764,355.1	\$777,777.5	\$699,192.6	\$730,919.4	\$390,631.5	\$603,018.6	\$212,387.1	54%
Utility Receipts Tax	\$201,016.9	\$215,468.0	\$219,406.9	\$218,597.1	\$207,762.2	\$185,087.0	\$195,208.9	\$217,376.7	\$22,167.8	11%
Utility Services Use Tax	\$9,264.9	\$8,743.6	\$14,084.7	\$12,453.4	\$7,214.0	\$8,526.3	\$6,940.3	\$6,032.2	(\$908.1)	-13%
Financial Institutions Tax	\$94,212.1	\$112,521.2	\$102,391.6	\$125,795.4	\$120,198.3	\$100,966.5	\$105,943.7	\$165,086.7	\$59,143.0	56%
Sales and Use Tax	\$6,631,953.0	\$6,801,736.4	\$7,003,425.5	\$7,277,731.5	\$7,305,631.9	\$7,557,142.3	\$7,795,586.4	\$8,087,878.0	\$292,291.6	4%
Cigarette and Other Tobacco Tax	\$456,170.5	\$461,636.8	\$447,561.4	\$439,264.5	\$443,209.9	\$434,350.7	\$418,341.3	\$404,978.0	(\$13,363.2)	-3%
Alcohol Beverage Tax	\$44,154.2	\$45,248.0	\$45,954.7	\$46,063.6	\$48,309.7	\$49,402.8	\$51,577.9	\$52,107.0	\$529.1	1%
International Registration Plan (IRP) Licensing Fee	\$91,289.4	\$93,387.9	\$96,099.9	\$103,792.9	\$104,384.2	\$104,859.7	\$128,466.3	\$154,243.2	\$25,776.9	20%
Motor Carrier Surcharge Tax	\$87,046.2	\$94,228.2	\$99,272.1	\$91,690.5	\$91,147.8	\$92,767.6	\$252,536.1	\$19,593.2	(\$232,942.9)	-92%
Oversize and Overweight Permit Fee	\$15,922.4	\$15,969.6	\$18,200.3	\$20,963.5	\$21,774.4	\$21,328.1	\$22,168.1	\$25,084.2	\$2,916.1	13%
Motor Carrier Regulation	\$8,643.8	\$9,319.3	\$9,818.1	\$9,073.3	\$9,014.6	\$9,188.3	\$11,902.6	\$925.3	(\$10,977.3)	-92%
Unified Carrier Registration	\$2,485.5	\$2,467.5	\$2,476.3	\$2,560.0	\$2,442.5	\$2,459.7	\$2,388.0	\$2,391.1	\$3.1	0%
Motor Carrier Fuel Tax	\$540.3	\$488.5	\$433.1	\$315.2	\$422.5	\$490.2	\$433.6	\$48,534.8	\$48,101.2	11,095%
Motor Carrier Permit Fees	\$363.5	\$347.3	\$363.2	\$255.9	\$319.1	\$251.9	\$334.3	\$729.3	\$395.1	118%
DOR Service Charge	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$36.7	\$60.5	\$23.8	65%
Transportation Improvement Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$250.7	\$410.2	\$159.6	64%
Fish and Wildlife	\$143.4	\$102.5	\$117.7	\$98.5	\$105.7	\$101.8	\$131.6	\$164.9	\$33.3	25%
Gasoline Tax	\$534,704.5	\$529,619.8	\$527,290.1	\$540,082.5	\$556,824.2	\$559,484.9	\$852,320.3	\$896,324.5	\$44,004.2	5%
Special Fuel Tax	\$183,742.0	\$169,616.6	\$177,617.5	\$189,026.3	\$186,164.5	\$190,658.9	\$298,984.2	\$505,042.6	\$206,058.4	69%
Petroleum Severance Tax	\$2,211.6	\$2,421.3	\$2,500.3	\$2,015.1	\$1,012.8	\$1,011.4	\$1,073.5	\$1,118.1	\$44.6	4%
Special Fuel Dealers Bond	\$0.0	\$0.0	(\$13.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A
Aviation Fuel Tax	\$0.0	\$0.0	\$1,501.9	\$1,720.3	\$1,705.2	\$1,842.6	\$3,832.1	\$3,854.4	\$22.3	1%
Riverboat Admissions Tax	\$74,709.1	\$66,721.2	\$58,190.6	\$55,007.2	\$51,287.9	\$46,740.9	\$43,683.9	\$977.3	(\$42,706.7)	-98%
Riverboat Wagering Tax	\$630,712.0	\$579,759.5	\$485,331.9	\$452,301.9	\$446,408.4	\$429,709.9	\$433,883.5	\$427,013.7	(\$6,869.9)	-2%
Supplemental Wagering Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3,115.4	\$44,359.7	\$41,244.3	1,324%
Racino Slot Machine Wagering Tax	\$62,111.6	\$105,823.7	\$110,829.1	\$110,663.7	\$110,752.8	\$114,068.2	\$114,887.6	\$119,030.9	\$4,143.4	4%
Charity Gaming Excise Tax	\$1,229.8	\$1,146.0	\$1,138.7	\$1,085.2	\$1,137.7	\$1,050.0	\$1,250.4	\$1,206.1	(\$44.3)	-4%
Type II Gaming (Taverns)	\$390.4	\$416.5	\$403.5	\$414.4	\$437.9	\$477.5	\$507.7	\$557.9	\$50.2	10%
Waste Tire Management Fee	\$1,364.4	\$1,362.5	\$1,467.6	\$1,533.0	\$1,559.1	\$1,580.1	\$1,616.1	\$1,600.4	(\$15.7)	-1%
Inheritance Tax	\$175,953.9	\$165,479.2	\$87,712.2	\$4,594.7	\$871.8	\$784.4	\$347.0	\$224.5	(\$122.5)	-35%
Employment Agency Licensing Fee	\$28.1	\$33.8	\$30.8	\$27.6	\$23.9	\$17.7	\$29.3	\$30.2	\$0.9	3%
Aircraft Registration Fee	\$77.0	\$73.2	\$79.2	\$87.7	\$22.8	\$64.5	\$40.8	\$45.5	\$4.7	12%
Motor Vehicle Excise Tax	\$1.1	\$6.2	\$2.8	\$0.5	\$0.6	\$0.3	\$1.2	\$1.7	\$0.5	42%
Controlled Substance Tax	\$0.0	\$0.0	\$0.2	\$0.2	\$0.9	\$0.2	\$0.0	\$0.4	\$0.4	N/A

25 - Summary of Fiscal Year Tax Receipts - Tax Receipts

INDIANA TAX RECEIPTS

ALL AMOUNTS IN THOUSANDS

Tax Type	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	\$ incr (dcr)	% incr (decr)
Fireworks Public Safety Fee	\$2,540.2	\$1,524.2	\$2,270.5	\$2,625.9	\$2,796.5	\$2,842.4	\$2,745.8	\$2,672.2	(\$73.6)	-3%
County Innkeeper's Tax (CIT)	\$49,261.0	\$49,577.1	\$51,566.0	\$61,084.4	\$60,545.2	\$60,915.8	\$64,738.1	\$68,661.2	\$3,923.1	6%
Food and Beverage Tax (FAB)	\$71,699.3	\$73,732.9	\$73,039.5	\$86,119.7	\$87,079.6	\$88,007.5	\$91,628.6	\$100,810.9	\$9,182.3	10%
Marion County Admissions Tax	\$6,606.9	\$8,259.4	\$14,151.7	\$13,166.5	\$12,963.9	\$13,620.5	\$14,904.5	\$15,598.1	\$693.6	5%
Auto Rental Excise Tax	\$11,184.1	\$10,563.2	\$12,511.3	\$12,543.8	\$13,175.1	\$13,912.1	\$13,738.8	\$14,949.9	\$1,211.1	9%
Marion County Supplemental Auto Rental Excise Tax	\$4,127.1	\$4,997.3	\$6,486.2	\$7,654.5	\$6,928.6	\$7,190.2	\$7,899.8	\$8,369.2	\$469.4	6%
Heavy Equipment Rental Excise Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,115.9	\$2,115.9	N/A
Non-Game Check-off	\$237.0	\$413.4	\$343.7	\$320.3	\$153.7	\$146.6	\$224.8	\$192.6	(\$32.1)	-14%
K-12 Check-off	\$0.0	\$0.0	\$0.0	\$0.0	\$56.1	\$41.6	\$108.3	\$113.2	\$4.9	4%
Military Relief Check-off	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0	N/A
Aircraft License Excise Tax	\$577.9	\$445.2	\$491.9	\$557.3	\$43.8	\$1,187.1	\$237.0	\$572.5	\$335.5	142%
Electric Rail	\$177.6	\$0.0	\$0.0	\$0.0	\$152.3	\$143.9	\$201.0	\$172.9	(\$28.1)	-14%
Hazardous Chemical Fee	\$483.8	\$512.9	\$551.1	\$503.0	\$566.3	\$594.8	\$595.1	\$598.9	\$3.8	1%
Public Utility Tax (Railroad Car Companies/Railroads)	\$5,999.1	\$6,803.9	\$8,051.7	\$8,618.2	\$10,547.1	\$12,107.1	\$12,726.1	\$13,052.0	\$325.8	3%
Enhanced Prepaid Wireless Telecommunications Fee	\$2,357.2	\$4,769.6	\$5,454.0	\$5,772.1	\$11,555.4	\$13,321.3	\$14,274.0	\$14,310.7	\$36.7	0%
Underground Storage Tank Fee	\$49,236.4	\$45,596.7	\$50,568.7	\$50,987.4	\$50,261.6	\$52,584.6	\$46,144.7	\$44,918.7	(\$1,226.0)	-3%
IMS Admissions Fee	\$0.0	\$0.0	\$295.1	\$1,312.3	\$1,446.3	\$1,561.9	\$1,326.5	\$1,227.4	(\$99.1)	-7%
Historic Hotel District Community Support Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$2,500.0	\$2,500.0	\$2,500.0	\$2,500.0	\$0.0	0%
Alternative Fuel	\$0.0	\$0.0	\$232.4	\$872.0	\$698.3	\$364.7	(\$0.6)	\$0.0	\$0.6	-100%
Retail Merchant Cert Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$465.2	\$465.2	N/A
Alt Fuel Decal Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$233.8	\$233.8	N/A
Miscellaneous Tax	\$21.8	\$4.0	\$151.5	\$54.5	(\$2.3)	(\$0.1)	(\$0.1)	\$0.0	\$0.1	-100%
PRIOR PERIOD ADJUSTMENT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1,599.9)	\$4,530.7	\$6,130.6	383%
Grand Total	\$16,504,655.3	\$17,104,005.6	\$17,331,252.8	\$18,088,764.3	\$18,162,693.2	\$18,749,459.5	\$19,885,762.7	\$20,986,278.3	\$1,100,515.6	6%

Detailed tax descriptions can be found on page 78.

FY19 Processing and Customer Service Stats

Individual Income Tax Returns Processed **3,412,979**
Individual Income Tax Refunds Issued **2,291,923**
Corporate Tax Returns Processed **270,038**
Payments Processed **4,488,592**
Total Calls Answered (all agency) **658,707**
Customer Service Calls **526,799**
Walk-in Customers Served **59,862**
Customer Emails Processed **77,819**
Correspondence Processed **68,699**

Amount of Gross Collections **\$22,222,042,351**
Amount of Net Collections **\$20,986,278,345**
Amount of Refunds **\$1,235,764,005**
Amount of Collection Allowances **\$51,618,754**
Amount of Administrative Costs **\$70,684,057**
Amount of Delinquencies Collected **\$330,477,467**

Number of Taxpayers **4,826,973**
Individual **4,483,770**
Corporate **343,203**

Individual Income Refund Stats

Includes all returns generating a refund - with and without further review



Individual Income Tax Refunds
2,291,923

Average Refund Amount
\$325



**Total Number E-filed Returns
Generating a Refund**
1,929,300

Percent E-filed
88%

Percent Processed within 14 Days
90%

Average Time to Process
12 calendar days



**Total Number Paper-Filed Returns
Generating a Refund**
272,665

Percent Paper-Filed
12%

Percent Processed within 60 Days
85%

Average Time to Process
35 calendar days

DISTRICT OFFICE LOCATIONS*

1. Bloomington
2. Clarksville
3. Columbus
4. Evansville
5. Fort Wayne
6. Indianapolis
7. Kokomo
8. Lafayette
9. Merrillville
10. Muncie
11. South Bend
12. Terre Haute



59,862
*total walk-in
customers
served*

868,006
*total calls/emails
received*

***Contact information can be
found on pages 30-32.**

CUSTOMER ASSISTANCE REPORT

Customer assistance is available in all 12 DOR district offices. Each office has customer service representatives who assist taxpayers with issues. The “Customer Assistance Report by District Office” provides the number of customers assisted in person, by telephone and through correspondence.

DISTRICT	WALK-INS	CALLS/EMAIL	TOTALS
BLOOMINGTON	3,414	9,519	12,933
CLARKSVILLE	9,860	14,024	23,884
COLUMBUS	3,090	4,920	8,010
EVANSVILLE	2,938	17,552	20,490
FORT WAYNE	3,657	16,833	20,490
INDIANAPOLIS	12,458	739,130	751,588
KOKOMO	3,885	13,723	17,608
LAFAYETTE	2,928	17,504	20,432
MERRILLVILLE	7,352	10,018	17,370
MUNCIE	3,079	5,781	8,860
SOUTH BEND	4,959	3,727	8,686
TERRE HAUTE	2,242	15,275	17,517
TOTAL	59,862	868,006	927,868



“The customer service ladies in your Clarksville branch are AMAZING! Probably the kindest, most helpful women I have ever had the pleasure of working with! Bravo!!!”

- DOR Customer

DOR DISTRICT OFFICES

District Offices are open 8 a.m. to 4:30 p.m., Monday through Friday.



Bloomington Team

1531 South Curry Pike
Suite 400
Bloomington, IN 47403

(812) 339-1119



Clarksville Team

1200 Madison Street
Suite E
Clarksville, IN 47131

(812) 282-7729



Columbus Team

3520 Two Mile House Road
Columbus, IN 47201

(812) 376-3049

Evansville Team

500 South Green River Road
Suite 202
Evansville, IN 47715

(812) 479-9261



Fort Wayne Team

7230 Engle Road
Suite 314
Fort Wayne, IN 46804

(260) 436-5663



Kokomo Team

124 West Superior Street
Kokomo, IN 46901

(765) 457-0525



Lafayette Team

100 Executive Drive
Suite B
Lafayette, IN 47905

(765) 448-6626





Merrillville Team

1411 East 85th Avenue
Merrillville, IN 46410

(219) 769-4267



Muncie Team

3640 North Briarwood Lane
Suite 5
Muncie, IN 47304

(765) 289-6196



South Bend Team

105 E. Jefferson Boulevard
Suite 350
South Bend, IN 46601

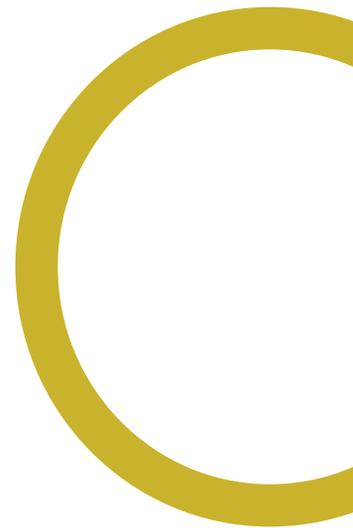
(574) 291-8270



Terre Haute Team

30 North 8th Street
3rd Floor
Terre Haute, IN 47807

(812) 235-6046



DIVISION SUCCESSES

DOR has several divisions, each with a specific role within the agency. This section will discuss the various divisions and highlight their FY19 successes.

- 34** Communications
- 36** Finance
- 38** Information Technology
- 40** Inspector General



- 44** Legal
- 46** Operations
- 60** Sales Tax Administration
- 61** Tax Policy and Legislative Affairs

COMMUNICATIONS

External Communications

The External Communications team creates and manages all forms of communication sent to our external audiences. This includes distributing news releases, fielding media inquiries, managing DOR's website, promoting DOR's social media and reviewing customer correspondence.

Posting on Social Media

In FY19, External Communications ramped up DOR's social media activities with significant increases in engagement among all platforms. Other agencies and states have recognized the work DOR has put into their social media outreach, and have reached out to ask for guidance. But being creative isn't the only aspect of social media, providing timely responses to customer questions is another significant part of our strategy. The Communications team answered 575 messages in FY19.

Communicating During Tax Season

Individual income tax season is always a busy time for DOR. Twenty-five news releases were distributed statewide resulting in 87 media pick-ups - a 28% increase from the previous year. In addition, the Communications team executed several campaigns during the 2019 tax season including promoting the Indiana Freefile (*INfreefile*) program, sharing important tax tips and informing the public on ways DOR is deterring stolen identity refund fraud.

Overhauling the Website

DOR's external website went through a major overhaul in FY19 as part of a statewide upgrade of all Indiana state government websites. Our Communications team ensured the new design fit what our customers expect and need from DOR by customizing the design to showcase the most searched for items on the main page.

Tax Season Media Recap

28% increase from FY18



INfreefile was developed in 2003 by the Internal Revenue Service (IRS) and tax preparation software vendors. *INfreefile* allows customers with lower adjusted gross incomes (AGI) to file their federal and state taxes for free using simple question and answer type software. Each year over two million Hoosiers qualify for the program.

2019 *INfreefile* Program Recap

Total *INfreefile* users through April

6% increase

2018: 82,134

2019: 87,137



visits to *INfreefile* websites in 2019

1/23/2019

All certified *INfreefile* vendors published on the website

8

news releases published with *INfreefile* information



social media posts throughout tax season on *INfreefile*

Annual Public Hearing

In accordance with the Indiana Taxpayer Bill of Rights, DOR held its annual public hearing on June 18, 2019. Commissioner Krupp provided an overview of the 2019 tax season, including revenue statistics and process improvements in customer service. In addition, he offered a high-level overview of Project NextDOR.

Attendees were given the opportunity to share their own experiences with DOR while also expressing ideas on how the agency can improve on policies, processes and procedures.

Representatives from the Indiana CPA Society, Indiana Legal Services and the Notre Dame Tax Clinic spoke at the hearing. All comments and reports are available online at dor.in.gov by clicking "Legal Resources" and then "Tax Library."





BizOutreach

Keeping Indiana businesses and tax professionals up-to-date on the latest tax policy and agency initiatives is the focus of DOR's Business Outreach (BizOutreach) program. Targeting the state's tax practitioners, tax preparation volunteers, international students and automobile dealers, to name a few, BizOutreach proactively increases filing accuracy and voluntary compliance. In collaboration with DOR's senior audit team members, BizOutreach tailors presentations specific to the requesting audience. With more than 40 presentations in FY19, two of the main discussion items centered on the updates for sales tax collection for remote sellers as well as changes associated with the Tax Cut and Jobs Act.

Internal Communications

DOR's Internal Communications team made significant strides this past year in its ongoing efforts to effectively engage, educate and celebrate the agency's team members. Sending daily communications agencywide is just one of many responsibilities held by this small team.

InsideDOR

InsideDOR is one of the main tools Internal Communications uses to foster a great workplace culture. Our web-based publication is 100% created in-house by our team. The content shows our personal side by highlighting staff and divisions to give everyone an opportunity to know more about our agency and our team members. We also include targeted messages regarding upcoming updates or trainings to allow employees to better understand and plan ahead.



FINANCE

Accounting Operations and Finance Controls

The Finance and Accounting Operations division is DOR's liaison with state agencies such as the Treasurer of State, Auditor of State, Department of Local Government Finance, Indiana Gaming Commission and State Board of Accounts. In FY19, the Finance Hub interface was developed by the IT Division to aid the Accounting Operations and Finance Controls team in developing and maintaining the platform, processes and controls that serve as the bridge between our internal taxpayer system and the state's financial system.

The overall project enables the appropriate level of internal controls around the deposit and distributions process. This ensures consistent, complete, accurate and timely processing of tax revenue transactions into our financial records. A wide range of secondary controls was also established to monitor activities on all control accounts. This is in addition to the demanding monthly and annual system-to-system transaction-level reconciliations that are needed to meet the Comprehensive Annual Financial Reports Audit, Auditor of State and State Board of Accounts requirements.

The Finance division sponsored a number of landmark projects in FY19 that contributed to the achievement of DOR's strategic objectives. This includes the Payment Locator Number Tracking and Accounting Project, Finance Key Internal Controls Catalog Project and the Return Payments Noting/Billing and Accounting Automation Project. These initiatives have contributed to the improved efficiency of our operations and ensure the accuracy and completeness of financial information.

The Finance team is also responsible for the maintenance of the key internal controls. This includes the design, continuous review, risk rating and annual compliance testing of finance controls. The internal control responsibility of the Accounting Operations and Finance Controls department is being expanded to have agency-wide coverage given the positive impact of implementing key controls in the Finance area.



The Finance team selling candy grams to raise money for SECC.



Taking on the Challenge of Succession Planning

Planning for the future comes naturally to the DOR Finance team, so they spent FY19 thinking ahead to address the challenges of succession planning. For DOR, succession planning involves ensuring we are ready when someone retires or moves on to a new opportunity by cross-training staff. The process identifies developing leaders to replace those who move on to other opportunities.

The first step in creating this plan was to determine staffing and skill levels to identify gaps. Next, potential retirement dates were calculated to determine when gaps might arise. Finally, training was implemented to address knowledge gaps.

Significant progress was achieved in FY19 - this plan will continue to evolve as our agency's needs change. Creating a robust succession plan ensures we are ready to take it to the next level.

Finance Service Committee Improves DOR Culture

Improving the culture remains at the top of DOR's list to ensure team members feel fulfilled and enjoy their work. The Finance team established the Finance Serves Committee (FSC) in April 2018 to improve employee engagement, morale and teamwork within their group. FSC organizes monthly celebrations for birthdays, employment anniversaries or other life events.

Taking the #DORGivesBack program to heart, the FSC works to create fundraising opportunities for local charities as well as hosting bake sales, orchestrating a "candy gram" event raising over \$800 in gross proceeds and participating in DOR's community events for HVAF, Habitat for Humanity and Gleaners Food Bank.

The FSC team continues to engage the department to make DOR feel like not just a place of work, but a community of caring individuals.



Procurement Tracking System Receives an Update

To better serve DOR during FY19, the Procurement team developed a new procurement management system. This system was created to enable buyers to better multitask and increase productivity. Our managers now have a real-time transparent view into every contract and procurement request. The Procurement team has metrics to improve individual team performance.

The system, Procurement Data Quickly, has reduced the initial approval process from weeks to hours by replacing the previous paper-based system with a uniform, online form. Managers have immediate and easy access to the progress and status of each of their requests. The new system also provides managers with advance notice of expiring contracts, access to previous contracts and purchases, targeted completion dates, next steps and interactive comments, all of which have improved productivity.

This new system has greatly improved communication, trust and partnerships with colleagues at DOR. It is a source of pride for our team members as they master a new tool and develop best practices.

INFORMATION TECHNOLOGY

Systems Development

The Systems Development team supports the Motor Carrier Services applications, all of the core tax processing applications, and all payment portal applications including INtax. Development activities include creating the software, securing the applications and their servers and then testing and patching the various components that work together to present the application functionality to our customers.

In FY19, this team worked to prepare all corporate tax information to migrate from the existing legacy system into the new tax processing system called the Indiana Tax System (ITS), as part of Project NextDOR. The legacy system is still processing other tax types but was modified to route all corporate-related tax returns to ITS and disable the ability to update corporate accounts in the legacy environment.

Additionally, this team created a system health monitor application. This application allows the agency to utilize live monitors to display current system status and processing volumes to the support teams at all times, reducing the time to identify and address problems and outages for all of our monitored applications.

Several legislative changes were also implemented in FY19 requiring additional support of the Systems Development team, including:

- Adding support for the new marketplace facilitator filing requirements
- Implementing all requirements for the new heavy equipment rental excise tax and Vigo County food and beverage tax
- Adding the IN-PRO schedule to individual tax returns

Systems development worked to improve the customer experience by adding motor vehicle rental tax into INtax to allow customers to file online, updated our Streamlined Sales Tax service to allow direct submission of returns, added the ability to request email confirmation when paying through DORpay and added device assessment and one-time passwords as options to make taking the Identity Confirmation Quiz easier.

Returns Processing IT Support

The Returns Processing IT team keeps the wheels of government turning by ensuring DOR's applications are up and running. This team also works to ensure all processing of taxpayer returns and payments systems are in order. Over 9.6 million tax returns and 4.1 million payments were processed through these systems in FY19. The number of Motor Carrier Services (MCS) permits processed also increased by over 30% since FY18.

Information Management

The Information Management team built and operates the DOR data warehouse and provides both ad-hoc querying and dashboard reporting from that data set. There are currently 100 different agency management dashboards created and published from DOR tax and operational data. From these dashboards, hundreds of reports are created and sent directly to users. These reports are reviewed and modified as needed, to meet changing reporting needs and changes in source data for the report. These dashboards and reports keep our staff apprised of what is happening throughout the agency's various systems and are often reviewed daily by users for trends and to facilitate improvement in areas where needed.



Building and Implementing Better Security within DOR

The DOR Security team had a very successful year building a culture of security across the agency and implementing technical safeguards to protect Hoosiers. The team developed, reviewed and updated 13 policy and procedure documents to ensure our teammates have the most current guidance on how to minimize the risk of exposing our systems and data to threats.

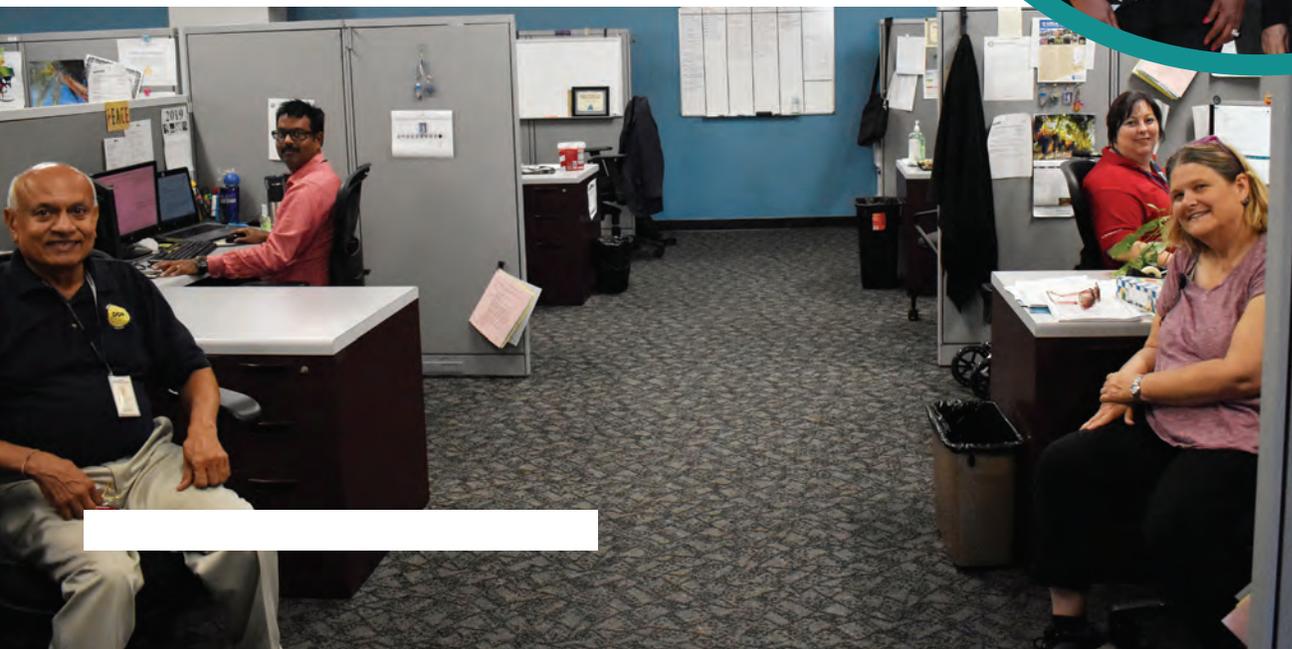
To reinforce security policy guidance to all team members, the DOR Security team also delivered 10 live security awareness training sessions in two months to over 700 government, contractor and vendor personnel.

The DOR Security team also organized DOR's user access management program to ensure accesses and privileges are granted to teammates based on their roles and job-related needs. They reviewed 3,598 accounts that have access to 25 critical applications, databases and systems and eliminated unnecessary access.

To provide guidance and support to Project NextDOR, the Security team worked to incorporate enhanced security measures. This involved collaborating with Indiana Office of Technology (IOT) to address findings from our 2018 audit which identified security areas needing improvement, to ensure the confidentiality of taxpayer information. DOR Security also worked to move our servers behind the state firewall, which ensured the protection of the servers from unhindered tampering. Firewall rules were put in place to only connect to appropriate servers.

Additionally, the DOR Security team completed a three-year effort to guide 17 electronic filing tax companies to meet our security requirements. As a result, the personal information of those company's customers across the United States are better protected.

Lastly, during FY19 the DOR Security team updated the agency's Continuity of Operations Plan (COOP) and participated in multiple disaster recovery exercises to prepare the agency to continue performing critical services after significant events impacting normal operations. The Security team developed a COOP plan that ensures the prioritized restoration of DOR's Mission Essential Functions (MEF) after disastrous events, and the Critical Support Functions (CSF) that enable them. The team is now designing a COOP training and exercise event for DOR executive leaders, and MEF and CSF team chiefs.



INSPECTOR GENERAL

DOR Investigations

The DOR Investigations team recovered over \$875,000 in FY19 by working closely with law enforcement agencies and county prosecutors on criminal tax investigations. With a closure rate of nearly 80%, the Investigations team worked collaboratively with many agencies. Many cases that the Investigations team works on are confidential until filed in court. Below are examples of FY19 criminal cases.

Pending/Resolved Criminal Cases

- Following a collaborative effort between the Office of the Indiana Attorney General, the Dearborn County Prosecutor's Office, Indiana State Excise Police and DOR's Investigations team, charges were filed against several restaurants in Dearborn County. The charges included two counts of corrupt business influence (a Level 5 felony), one count of theft (a Level 5 felony), one count of money laundering (a Level 6 felony), one count of perjury (a Level 6 felony), one count of failure to maintain records (a Level 6 felony) and one count of tax evasion (a Level 6 felony). Unpaid or additional sales and/or income tax due to the state was in excess of \$600,000.
- DOR assisted Marion County law enforcement with an investigation into a local auto dealership. The suspect was charged in Marion County with two counts of tax evasion (a Level 6 felony) and two counts of forgery (a Level 6 felony).

Creating Lasting Improvements:

In an effort to encourage joint investigations and share how DOR can assist, members of the Investigations team engaged in conversations with agencies such as the IRS Criminal Investigation Division, U.S. Secret Service, U.S. Department of the Treasury, Minnesota Department of Revenue, Indiana State Excise Police, Indiana Alcohol and Tobacco Commission, Indiana State Police, Office of the Indiana Attorney General and Indiana Secretary of State's Securities and Auto Dealer Services divisions.



Additional items the Investigation's team accomplished include: ongoing training events to improve interviewing skills and ensure team members are cross-trained, assuming responsibilities for posting businesses that have outstanding liabilities with the agency and working with local law enforcement to close the business until the liability is met.

DOR Updates Background Investigation Program

The Internal Affairs department worked closely with Human Resources to design DOR's Security Background Program to ensure the agency is in compliance with all IRS requirements. DOR examined pre-existing background review procedures and constructed an all-inclusive employee program. Although the program officially launches in FY20, staff worked diligently throughout FY19 to ensure the implementation of this program went smoothly for all staff and supervisors. In mid-2019, the program positioned DOR to meet the IRS requirement that all agency contractors and employees undergo the appropriate security checks.

New Emergency Notification System Lands at DOR

Employees should never feel unsafe in their workspace and should always know their employer is continuously working to ensure their safety. In early 2019, the DOR Emergency Notification System was implemented to allow real-time notifications to be sent to all staff who have state-issued email addresses and telephone numbers in the event of an emergency.

We wanted to assure team members that they would be immediately notified in an emergency, allowing them to take the appropriate action. Our Internal Affairs department took the lead on this project as they are responsible for developing and maintaining safety along with security measures at DOR. The department researched various emergency communication platforms and selected Everbridge as the emergency notification system vendor due to ease of use and features offered. In addition to the notification function, the Everbridge system provides detailed reporting and identifies errors with deployment for improvements.



DOR Reviews Security and Alarm System Maintenance

The Inspector General's Office dedicates resources to much-needed security measures throughout the agency. For example, in FY19 the Internal Affairs department visited all DOR locations—including Central Office, Reagan Facility and each District Office—to survey each individual building's security needs.

Internal Affairs met with employees to discuss their safety and security concerns, toured the offices to identify and remedy opportunities for possible security breaches and met with on-site security and law enforcement personnel at the Reagan Facility and Bloomington offices. Each office's security equipment was also tested to ensure the system was functioning properly. Testing indicated that all panic buttons are transmitting signals properly and there were no other problems. The tests are part of routine physical security assessments.

As a staple part of its duties, the Internal Affairs department will visit and conduct security reviews and alarm system tests at each office annually.

Internal Audit

The Internal Audit department is a small team of two DOR members who provide the Commissioner and agency leadership with independent appraisals of the adequacy, effectiveness and regulatory compliance of our system of internal administrative and fiscal controls, and the quality of operational and administrative performance.

To assist with this critical work, we entered into a professional services contract with Bronner Group LLC (Bronner), to provide internal audit services for Project NextDOR and ongoing business functions throughout this four-year process. We continue to work collaboratively with Bronner to create and execute a risk-based internal audit plan in FY20 to ensure all projects are staying on track.



Compliance and Ethics Continues to Work Toward Great Government Service

The Compliance and Ethics department is committed to DOR's vision to be recognized as the premier tax administrator in the nation and a great place to work. To make this a reality, we have invested in comprehensive training by industry leaders, applied compliance and ethics industry best practices to our operations, and all Compliance and Ethics personnel have either earned or are in the process of earning, the nationally-recognized credential of Certified Compliance and Ethics Professional (CCEP).

This department works closely with all levels of DOR leadership to cultivate a culture that supports our vision and core values. An annual agency-wide survey was initiated by Compliance and Ethics with a purpose to measure employee views of how safe it is to express concerns and how fair they believe leadership will act in addressing those concerns.

The survey was first administered in FY18 as a means to gain a baseline. The second survey, administered in FY19, indicated a 10% increase in response rate and a 19% increase in overall favorable responses to standardized questions. In addition, 25% more employees responded to open-ended questions demonstrating increased confidence that DOR leadership will act on their ideas.

During FY19, the Compliance and Ethics department and the Internal Audit department collaborated to manage the relationship with Bronner. Bronner conducts risk assessments, develops audit plans, conducts internal audits and provides management advisory services to both support Internal Audit and ensure the established framework meets DOR requirements.

In FY19, Bronner conducted a comprehensive agency-wide risk assessment to evaluate daily risk management issues for DOR. This risk assessment examined internal and external factors that may affect our operations, finances and management. Bronner used this risk assessment to develop an audit plan for the remainder of FY19 and early FY20.

Working to Keep Hoosiers' Information Safe

Millions of Hoosiers trust us with their personal, financial and business information. Protecting this information is one of our greatest responsibilities. The Compliance and Ethics department requires 100% of personnel who have access to this information complete initial and annual training on privacy and security policies. This team monitors agency-wide compliance with these policies and oversees contracts for privacy compliance.

Similar to securely processing and maintaining Hoosiers' information, we must also securely dispose of all customer information. The Compliance and Ethics department revised our shredding practices in FY19 to ensure that all information is disposed of according to state and federal regulations and industry best practices.



Taxpayer Advocate Office Helps Individuals Ease Tax Burdens

Helping taxpayers is what our Taxpayer Advocate Office (TAO) is all about. TAO assists customers who are dealing with complex tax issues that were unable to be resolved through other avenues. They are busy working to ensure customers are getting top-rated assistance regardless of the complexity.

Two major issues TAO handles include the Financial Hardship program and the Offer-In-Compromise program. The Financial Hardship program assists individuals who require alternatives to the standard repayment agreements due to various circumstances. TAO reviews these cases and makes every attempt to collect the tax while considering customer needs.

The Offer-In-Compromise program is an opportunity for a customer to request DOR to satisfy the debt they owe for a lesser amount than what is actually owed due to special circumstances. This program was updated this year to ease the process for our customers and their representatives. By changing our standards to mirror the IRS's standards, customers only have to fill out the information once.

Similar to most departments within our agency, FY19 brought new tasks to TAO outside of their day-to-day responsibilities. TAO embraced these tasks and raised the bar for customer service in order to help various Hoosiers and DOR divisions deliver excellent customer service. For example, the 2018 floods affected thousands of Hoosiers and TAO worked with other areas of DOR to provide relief and assist customers affected by this natural disaster. Project NextDOR is another example where the agency utilized TAO's expertise to walk through various tax scenarios to ensure a successful launch for Rollout 1. And finally, TAO worked to help translate numerous tax forms into Spanish along with participation in focus groups throughout the agency to improve the overall customer experience.

Teaming Up with the Indiana Latino Expo

Community outreach was a priority for us in FY19. For the first time in our history, members of TAO teamed up with the Indiana Latino Expo (ILE) to provide assistance to customers who had complex tax questions. With more than 100 exhibitors, ILE saw record-breaking numbers in attendance this year with nearly 8,000 attendees. Members from TAO were available to discuss tax issues, provide tax information in both English and Spanish and offer important information to aid customers.

“Being part of the Latino Expo was an exciting experience for both of us. Being able to assist our Spanish speaking customers with all of their questions was very fulfilling. We both also enjoyed the opportunity to meet new people from different organizations. Overall, taking part in such a big event representing the Indiana Department of Revenue was truly amazing.”

-Mayra and Alexandra, DOR TAO

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LEGAL

Agency Advising

The Agency Advising team does just that, advises DOR divisions on legal issues. But that's not all; it also resolves outstanding inheritance tax matters and establishes agreements with other government agencies.

Although Indiana's inheritance tax statute has been repealed, there are still inheritance tax issues that are not resolved. In FY19, this team was able to close 45 outstanding inheritance tax matters.

Agency Advising is tasked with ensuring adherence to regulations in Memoranda of Understanding with other state agencies, such as the Office of the Indiana Attorney General, Bureau of Motor Vehicles, Department of Health, Department of Labor, Department of Transportation, Department of Workforce Development, Indiana Archives & Record Administration, Indiana Finance Authority, Office of Judicial Administration and State Board of Accounts. To safeguard customer confidentiality, this team also oversees the preparation and execution of confidential agreements with third-party vendors.

Protest Review

The DOR Legal division's primary task is to review protests submitted by taxpayers. Each protest is based on either a proposed assessment of additional tax or a tax refund denial. The Protest Review team works through protests to determine if they can be resolved without assigning them to an appeals hearing officer. When cases need to be assigned to a hearing officer, metrics are recorded to ensure prompt customer service.



Assigned to a Hearing Officer within 10 days from receipt



97%

Hearing scheduled within 40 days from receipt



98%

Final determinations issued within 110 days



97%



Special Counsel and Appeals

DOR's Special Counsel and Appeals team works with the Protest Review team to address taxpayers' protests, whether a proposed assessment of additional tax liability or a denial of a refund claim. Appeals serves as the final reviewer of all decisions issued by our Legal division, and assures the consistency of those decisions. In addition, Appeals is responsible for overseeing hearing officers and administrative adherence.



1,900+
Protests Closed



254
Administrative Closes
(in favor of taxpayer)



352
Final Determinations

Litigation

Tax Court is the focus of the Litigation team, which manages all litigation brought by taxpayers in state and federal courts including the Indiana Tax Court and bankruptcy courts. In FY19, three DOR final determinations were pending appeals to the Indiana Tax Court. In two of the cases, the Court ruled in our favor. In the remaining case, the Court ruled in part for DOR and in part for the customer.

Motor Carrier Services Legal Support

Motor Carrier Services (MCS) Legal team provides counsel to DOR's MCS department on a host of issues impacting Indiana roadways, such as interstate and intrastate motor carrier registration, interstate and intrastate state fuel taxes, oversized/overweight motor carrier permitting, motor carrier safety and insurance and motor carrier titles. In FY19, MCS Legal assisted in remediating a three-year backlog of oversized/overweight civil penalties. To reduce the agency's administrative burden, this team offered certain carriers the opportunity to negotiate outstanding civil penalties prior to a mandatory hearing. These efforts resulted in over \$1 million of additional funds to the Motor Carrier Regulation Fund.



Over
\$1 Million
Collected for the
Motor Carrier Regulation Fund



OPERATIONS

The Operations division is comprised of over 500 team members who are located in Indianapolis, throughout Indiana at DOR's 12 district offices and in various locations around the country.

Audit Operations

New External Audit Manual

With the goals of improving transparency and procedural guidance to customers who are being audited, DOR published the first-ever external audit manual in FY19. This 96-page document is published on our website, dor.in.gov/6442.htm and provides general guidance on audit processes and procedures.

To create this important resource for Hoosiers, tax practitioners and internal staff, as well as our experienced Audit, Legal and Policy team members worked together to research and document the audit process. This team also partnered with members of the Commissioner's Tax Advisory Council to capitalize on their experience and to get their assistance to ensure the manual effectively covered the most important components of the audit process.

This manual is now being utilized in internal training to develop internal audit procedures and to tackle the challenge of ensuring audits are completed consistently across the entire Audit Operations department. It is continuously being updated and enhanced.

The feedback received by customers and tax practitioners has been extremely positive and we will continue to request and utilize their feedback to improve the manual.

Transfer Pricing Group

Transfer pricing is a complex accounting practice that has significant corporate tax implications. Transfer pricing allows corporations to price transactions internally within industries and between businesses who operate under common control or ownership.

During an audit, this complex area of taxation requires taxing authorities to perform detailed analysis of intercompany transactions between related parties to determine if they are made at a fair price.

Originally developed in FY18, but expanded in FY19, DOR has a dedicated Transfer Pricing team within Audit Operations. This team is comprised of senior corporate income tax auditors who work collaboratively to develop our knowledge, skill and capability in this complex field. They have led the effort to develop new audit processes, procedures and training. This team also conducts all audits that include transfer pricing, performing the detailed and complex examination of transfer pricing transactions to make sure they are at "arm's length." In FY19, this team also spearheaded the work to acquire the services of an expert economist, which has significantly improved our performance and capabilities.

Our Transfer Pricing team is currently working with a collaborative group of 13 states to share information regarding transfer pricing to ensure we are using the most up-to-date techniques and processes. They are also performing lessons learned after the completion of each audit to fine-tune our processes, procedures and training.

This team's work is paying off in many ways. Compliance has improved, tax revenues have increased and our audit processes have progressed significantly.



Audit Compliance and Support

Investing in Training Employees

One of the many challenges the Audit department was able to tackle in FY19 was creating additional resources and training to support the growing demands of its team members. Two full-time training positions were created to assist the Audit Operations and Audit Compliance and Support teams. New training was provided in both the classroom and web-based training to allow teams to learn in various environments.

As the team enters into FY20, they have been focusing on continuously improving the new auditor training program along with the audit manual to promote consistency statewide.

Protecting Hoosier Identities and Tax Refunds

Identity protection and fraud prevention continue to be at the forefront of the tax administration industry. This complex and ever-changing field requires an enormous amount of time, effort and investment in both technology and human resources to build and continuously improve defenses.

Originally launched in 2014, our fraud system and business operations have improved and developed into an industry-leading program. Utilizing big data, sophisticated verification logic and selected case analysis by fraud specialists, our program continues to deliver results and thwart fraud attempts.

During FY19, we continued our commitment to improving this critical program by partnering with government and private sector leaders to monitor trends, act on new fraud patterns and utilize best-practices – all to deliver program improvements and fortify defenses.



 **Individual Tax Returns Entered into the Fraud Detection System**
3,389,777

 **Quiz Letters Mailed**
68,544

 **Quizzes Passed**
43,022

 **One Time Password Passed**
6,818

 **Returns Selected for Manual Review**
78,542

 **Fraudsters Manually Adjusted by a DOR Analyst**
18,357

 **Mistakes Manually Adjusted by a DOR Analyst**
13,566

 **Confirmed Identity Fraud Returns Stopped**
507

 **ID Fraud Stopped**
\$1,268,128

 **Schedule C and Withholding Fraud Stopped**
\$11,145,545.77

 **Total Fraud Stopped**
\$12,413,673.77

Audit Team Comes Together for Annual Conference

FY19 was a year of many firsts, including DOR's first three-day audit conference. Nearly 160 of our employees, primarily from the Audit Operations and Audit Compliance and Support departments, came together to enhance their knowledge, skills and performance in the complex functions they perform across the agency.

This event provided a forum for teammates from different departments and from locations across the state and nation to hear from DOR leadership, learn new skills and information, and develop relationships. The agenda was packed full of personal and professional skill development topics. It also was a forum that built upon the efforts of leadership over the last few years to increase the alignment and collaboration among team members throughout our agency.

General sessions, panel discussions and breakout sessions contained diverse topics including department procedures, technical tools, tax law, team performance enhancement and personal development. The event was full of team learning, growth and positive energy – all continuing to build the foundation of organizational performance improvement.

Audit's Inside Connection Newsletter

Bridging communication gaps between the Audit and Compliance Support and Audit Operations teams was a major goal of the Audit department in FY19. To help reach this goal, the Audit department created a monthly internal newsletter named Audit's Inside Connection.

The internal newsletter includes updates from our Legal and Policy divisions, training topics and notes from the Audit Quality Assurance team. Also included in the newsletter are tips for the Audit department, notes from DOR senior leadership, updates on Project NextDOR and any other relevant news happening within our agency.

The first edition of Audit's Inside Connection was published in January 2019 and each edition since then has been published the second Friday of every month. The internal feedback has been fantastic and the mailing list has increased beyond our Audit team into other divisions within our agency.



genuinely excited about #WeAreDOR. They felt very welcomed and valued during the conference."

-Meme, Supervisor of Audit Training, Billing and Support



The Audit division at the 2018 Audit Conference



FAB Compliance Clean-up Project

Recognizing some of the ongoing and consistent challenges of the complexities of food and beverage (FAB) tax administration, DOR has embarked on a significant validation, correction, education and ongoing monitoring of the FAB process during this past year. Beginning in 2018, a team composed of Audit, Business Systems Support and IT began a comprehensive review of our records related to FAB tax. Using GIS software and a combination of both automated and manual validation, we reviewed nearly 10,000 FAB accounts to determine whether they had registered themselves within the appropriate jurisdiction.

We were happy to find out nearly 95% of those registrations were accurate. We set about on a campaign to contact the remaining businesses to get them registered and collecting FAB tax correctly. Additionally, we spoke with each impacted county or municipality and re-allocated approximately \$875,000 of FAB tax revenues. We have also put additional controls in place to ensure any newly registered or recently moved business is scanned to ensure the business is registered properly and collecting the appropriate amount of FAB tax based on their location.

Another step we have taken to ensure our FAB tax administration efforts are accurate and complete is the creation of educational materials for counties, municipalities and businesses. This information is available online and is also provided when our team members visit jurisdictions who are implementing an upcoming FAB tax. By partnering with our constituents, we have been able to work effectively and collaboratively to ensure all aspects of the FAB tax are implemented and processed correctly.



BUSINESS SYSTEMS SUPPORT

Striving for Best-In-Class Customer Service Correspondence

DOR team members around the state serve customers in many ways including in-person at our 12 walk-in centers, via phone, email and through correspondence. Each of these customer service channels provides volume, variability and complexity challenges, requiring the team to identify and implement continuous improvements in service delivery operations.

During FY19, staff across our Operations division studied the processes associated with our receipt and processing of customer correspondence. They set an aggressive goal of improving all of our correspondence processes. The goal was to dramatically improve our internal management of all related processes and external service delivery to customers.

Using Technology to Improve Customer Service

Prior to this service improvement project, the receipt, management and processing of correspondence was a completely manual process. The variability in correspondence type and volume created processing challenges, workflow management barriers and limited our ability to help customers understand where their correspondence was in our process.

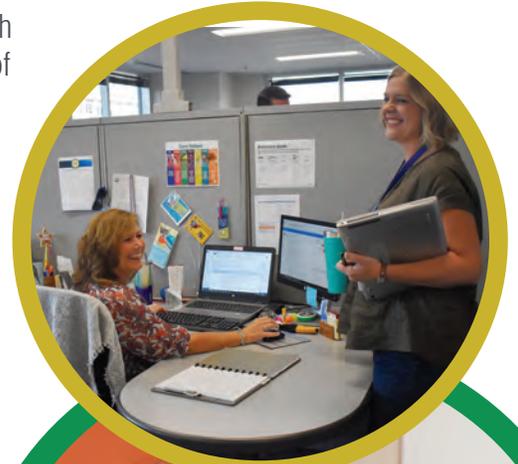
Utilizing Lean Six Sigma process improvement principles, the project team designed and implemented a new process that images incoming documents. Once imaged, they are then categorized to allow them to be worked in a structured way. The new process captures the correspondence within one business day of receipt, allowing Customer Service Representatives the opportunity to work with customers that call or visit and to resolve many questions and address issues immediately. Management of the entire process has also been greatly improved as new volume, aging and service-level data is now available.

Additional improvements are on the drawing board, including integrating other electronic correspondence input channels into this new process, such as customer email and fax. We are also looking to expand this new process to other forms of correspondence, to our other business units and within the new components of Project NextDOR.

Expanding DOR's Learning Organization

One of the most important aspects of sustaining a healthy learning organization is to purposefully invest in both the personal and professional development of all team members. During FY19, DOR continued to develop the proven foundation built in FY18 by expanding its investment to continue to drive increased levels of improvement in organizational performance, employee engagement and our abilities to provide exceptional service to our customers.

FY19 training and organizational development investments included a significant expansion of the scalability of our Job Expertise Training (JET) program; creation and deployment of a strong and comprehensive Leadership Development (LE@DOR) program for multiple levels of leadership; and transition, expansion and increased integration of LinkedIn Learning and strategic collaboration with DOR's Trainers Network to increase the continuity of training and educational development activities.



Since its inception, the JET program is required for all new customer service hire classes. While preserving the highly interactive and engaging learning environment, the JET program has improved to ensure we provide our new Customer Service team members with the knowledge and skills they need to give best-in-class service across all tax types upon completion of the training program.

“Copter Training,” an initiative implemented in FY19, provides short, concise and usable knowledge regarding any change that could impact the ability to deliver on the mission of accurate and timely information for our customers. This training is designed to quickly get team members what they need and get them back on the floor to serve customers.

We have a number of training professionals across the agency, each devoted to creating and delivering high-level training for their respective business areas. During FY19, a Training Network comprised of these individuals along with the Organizational Development group was created. Their mission is to share best practices, ensure continuous knowledge sharing and strategically support taking our learning organization to the next level. This group will be instrumental in integrating our newly developed Project NextDOR system training into their existing training plans.



Another impactful investment in our organizational development continued in FY19 is the addition of leadership training. Our executive team members have established a leadership book club where they select, read and discuss books designed to challenge them to be more effective and engaged leaders.

Additionally, under the banner of LE@DOR, we implemented a seven half-day supervisor level training journey complete with a “travel” training itinerary, boarding passes for each class, stamped passports, executive guest speakers and a full contingent of training structured around key topics outlined to enrich the knowledge of our supervisory team. We have further expanded and scaled this training to reach our team leads, supervisors and other leadership team members.



Most recently, we expanded LE@DOR training to include an online, interactive, self-paced emotional intelligence course for managers and above to include LinkedIn Learning classes, virtual appearances by executive staff and sharing of leadership improvement opportunities. Upon completion, each participant received a copy of Emotional Intelligence 2.0 and completed the emotional intelligence appraisal for use on our leadership enrichment journey. All of these initiatives have generated leadership performance improvements, but more importantly have helped to support our ongoing commitment to leadership learning, growth and development.

A learning organization never stops learning, so our journey has only just begun. In FY20, we will continue to expand on these foundational education and training opportunities. In addition, we are laser-focused on creating an expanded new employee orientation program (DORientation) that will establish foundational knowledge for our new employees and create a lasting, positive first impression that will serve them throughout their careers. Moving forward we will continue to be devoted to fully supporting our team through training and education as we move through our Project NextDOR rollouts.

Customer Service

Job Expertise Training

One of the most successful programs DOR created in engaging and retaining high-performing team members is the Job Expertise Training (JET) Program, which was established through a partnership between the Training and Development and Customer Service departments in FY18. The five-week JET Program is a comprehensive DOR job skills and customer service training program that combines training design with the knowledge of subject matter experts (SMEs) to prepare our customer service representatives (CSRs) to provide best-in-class customer service. During FY19, approximately 50 new teammates completed the program.

The objective of this comprehensive training program is to prepare our representatives with the skills they need to fulfill DOR's purpose, mission and vision. This program is also serving as a foundation for standardizing training throughout our agency.

Participants first receive training on our culture and then begin customer service training focused on approaching problems from the customer's perspective. They also are visited by Commissioner Krupp and Chief Operating Officer Bob Grennes, who welcome them and share key information about DOR, its culture, Pyramid of Excellence and mission and vision.

The JET Program is an essential foundation for all new customer service representatives. It serves as a foundational footprint to all our representatives' journey to provide great customer service to Hoosiers.



Measuring the Voice of the Customer at DOR

In order to deliver best-in-class customer service, it is essential to hear and understand what our customers are saying. We strive for constant improvement, and to do so we continuously measure the voice of the customer. One of the ways we gather customer feedback is to conduct on-going surveys at the point of customer contact.

Our online customer feedback portal was launched in October 2018. The portal asks seven questions, such as how the customer last interacted with DOR, if the issue was resolved and if they were satisfied with their experience. Customer satisfaction has steadily grown while we continue to review the feedback and find ways to improve the overall process.

Walk-In Survey Responses

 **100%** Positive Responses

 **648** Survey Responses

Phone Survey Responses

 **96%** Said DOR Staff Were Professional

 **81%** Said Their Questions Were Answered

 **85%** Satisfied with Overall Experience

Customer Feedback Portal

 **218** Requested a Follow-Up Call/Email

 **99%** Calls/Emails Returned within 48 Hours

 **301** Survey Responses

Customer Service Recognition Programs

DOR's Customer Service leadership works hard to recognize team members for the excellent service they provide to customers. Three programs were created in FY19—the Rock Star, Customer Advocate and Most Valuable Team Lead programs.

DOR ROCK STAR - Each month, the supervisor team determines a specific performance category to recognize individuals for best-in-class customer service, and nominates the highest achiever for the selected category. One individual per team is recognized as the DOR Rock Star of the month.

CUSTOMER ADVOCATE - Each team member who is observed demonstrating DOR commitment, dedication and passion to provide excellent service to our customers is nominated for the Customer Advocate recognition. The nominations can be from customers themselves or from supervisors who have observed team members demonstrating their ability to think outside the box and focus on what we can do to best serve Hoosiers.

MOST VALUABLE TEAM LEAD - Customer Service team members, team leads and supervisors have the opportunity to nominate a team lead each month who assists team members with resolving customer inquiries, teaches something new and goes above and beyond in displaying the DOR values of providing great customer service.

Services Improved for the Tax Practitioner Community

We recognize the crucial role practitioners play in helping clients with tax filing obligations. Their vast experience, attention to accuracy and care for their clients results in fewer issues for our customers. We also understand our responsibility to ease the burden on practitioners for their more sensitive issues and improve their interactions with the agency.

When questions arise, practitioner needs are often more complex than those of the general population. Knowing this, we created the Practitioner Hotline to exclusively assist tax professionals. When calling this number, practitioners are connected to one of our senior customer service representatives who has the extensive experience necessary to answer more complex questions. This specialized team brings a superior commitment to customer service as well as focusing on “one-call resolution.”

In addition, we partnered with Premiere Credit to introduce a tax practitioner hotline for matters handled by their office. The hotline provides practitioners with direct access to senior Premiere Customer Care representatives who are dedicated to assisting tax practitioners with DOR business.

Meetings and conversations between the practitioner community, the Indiana CPA Society and the Indiana Society of Enrolled Agents were crucial to how we opened new and enhanced existing lines of communication to better serve Hoosiers statewide. Based on practical feedback, our improved service has been very successful and we remain committed to continuously building relationships while also improving day-to-day operations.



Motor Carrier Services

Providing Industry Leading Services to the Motor Carrier Industry

Due to its central location, vast network of major highways and business-friendly environment, Indiana lives up to its motto as the “Crossroads of America.” In 2018, commercial drivers logged over 32 million miles per day on Indiana’s roadways. They also depended on the high-quality services of DOR’s 85 Motor Carrier Services division’s (MCS) customer service professionals to help them conduct their business efficiently and safely in the complex world of trucking.

Going the Extra Mile

The MCS team is very proud of their reputation for industry-leading “one-stop-shop” customer service. This is reflected in the fact that MCS provides services to nearly a quarter of the nation’s fleet vehicles on the road today, including entire fleets for many of the nation’s top trucking and logistics companies. This is also supported by the positive feedback the team regularly receives from customers and industry partners.

Did you know MCS provides these services?

- International Registration Plan (IRP)
- International Fuel Tax Agreement (IFTA)
- Oversize/Overweight (OSW) Vehicle Permitting
- Titles Processing
- Safety & Insurance Review
- Authority for passenger and household goods companies



A Passion for Continuous Improvement

FY19 was a year of MCS service operations improvements. Investments were made in key areas including enhanced training, processing procedures and management systems; all resulting in processing speed and quality improvements. A few selected improvements include:

- Enhanced title processing procedures which reduced processing times by 20%, helping customers get their vehicles on the road faster than ever before.
- Reductions in registration document validation requirements and improvements in data validation processes, which resulted in a processing time reduction from approximately 75 to 30 days. This decreased out-of-service days due to invalid registrations and reduced required phone and walk-in inquiries.
- Enhanced the IRP data error identification vehicle upload and review process, replacing manual review with an automated solution, reducing delays and speeding registration service.

International Registration Plan (IRP)



141,767

Renewals and Transactions in FY19



Over 1.1 M

Vehicles Registered

12% increase from FY18



\$722 M

Fees Collected in FY19

In FY19, DOR's Motor Carrier Services Division collected \$968 million.

Trucking Forward with New Improvements

MCS isn't putting the brakes on improvements as we roll into FY20. In addition to continuing service operations improvements, MCS also has two major infrastructure projects active that were initiated in FY19.

In partnership with the Indiana Department of Transportation (INDOT), DOR team members are working on a new customized Indiana Oversize/Overweight Permitting System. Scheduled to be completed in 2020, this new system will greatly reduce the processing time for permit approvals, adjust and preapprove customer routes based on ever-changing road and bridge restrictions and suggest alternate routes of travel.

To support current and future business volume, improve system infrastructure and support future customer service enhancements, an IRP Modernization Project was initiated in FY19. Scheduled to be completed in 2021, this project will introduce enhancements to cybersecurity, registrations, vehicle uploads, audit functionality, data validation and system processing capabilities.

Improving Commercial Vehicle Enforcement

In FY19, our Motor Carrier Services and Legal teams worked to improve the civil penalties process by creating a sustainable way to ensure all fees for civil penalties are collected. This resulted in improved highway safety and increased compliance by carriers.

The process improvement project required collaborative work by individuals from various DOR teams, including Legal, Communications and Business Systems Support. We have also collaborated with other state agencies such as INDOT, Indiana State Police and Indiana Office of Technology (IOT) to create the new process.

Oversize/Overweight (OSOW)



359,059

OSOW Permits Issued



Peak Month

May

International Fuel Tax Agreement (IFTA)



Approximately

12,000

Phone Calls



Approximately

64,000

Manual Transactions



Returns Processing Operations

Individual Tax Season Processing Improvements

As part of DOR's commitment to continuous improvement, after the completion of each individual tax season, teams across the agency work collaboratively to perform a variety of lessons learned activities. These activities provide a roadmap for people, processing, and technology improvement projects that result in improved service speed and quality for the next processing season.

After the 2018 individual tax season, our Returns Processing, Information Technology and Business Systems Support teams identified a number of processing bottlenecks that impacted 2018 paper return processing operations. Through operations leadership's development of new service operations design and management skills, improvements in processing scheduling and flow management and working with our software vendors, the team was able to design and implement several impactful improvements that eliminated bottlenecks and significantly improved paper return processing.

The improvements resulted in many 2019 individual tax season processing improvements. Paper returns flowed through all processes more smoothly and much faster. Nearly all (96%) individual paper returns that resulted in a refund were processed within 60 days, up 12% from 2018. Average processing improved by 10 days (29

days). Additionally, 99.75% of individual paper returns with a refund that contained no errors, were processed within 60 days (average of 26 days).

Teamwork and continuous improvement are DOR core values that all teams live every day. Lessons learned activities, such as the one described above, support our mission and vision – and reflect our passion for continuous improvement as individuals and service operations teams.

Improving DOR's Bankruptcy Processing Operations

Handling the complexities of DOR's bankruptcy cases requires a high level of expertise and management. It also requires the collaborative work of our dedicated Bankruptcy team and Legal division.

Several key bankruptcy-related operational and service improvements were implemented in FY19. These improvements included new service operations management metrics, service levels, training materials and processing procedures. All of this work helped improve service and ensure all team members were constantly handling bankruptcy cases.

During FY19, the Bankruptcy team collaborated with our Training team to help develop a first-ever bankruptcy operations training manual. Additionally, every new bankruptcy representative was assigned to a seasoned team member as a mentor. The mentors provided training, guidance with their cases, answered questions and assisted with a comfortable transition to our Bankruptcy team.

All of the improvements paid important dividends as service levels and processing quality improved. Additionally, these improvements built a foundation for future improvements, including the exciting upcoming Project NextDOR changes.



1.3 million
Paper-filed returns



667,000
Paper wage statements



1.4 million
Checks to be processed

Improvements to Special Credit Processing Helps Customers

There are several special tax credits that require customized processing to ensure the credit is both claimed and processed correctly. These credits include the Economic Development for a Growing Economy Credit (EDGE), School Scholarship Tax Credit (SGO), CollegeChoice 529 Tax Credit, Research Expense Credit (REC), Hoosier Business Investment Credit (HBI) and Venture Capital Investment Credit (VCI).

During FY19, our Returns Processing Operations (RPO) team made a number of service operations improvements to improve the speed, consistency and quality of special credit processing. These improvements included the development of a special processing team of senior tax analysts, new service operations management metrics, service levels, training materials and processing procedures.

To further improve processing efficiencies, RPO management partnered with our Information Technology division to create management reporting to provide the Special Credit team with proactive information on all special credits claimed on a return by a business or individual. Utilizing the new management reporting, the team developed enhanced processing procedures to assign all returns claiming a special credit to them for expedited processing by the senior special credit analysts.

The improvements have delivered impressive results. Special credit processing throughout FY19 has been faster, more consistent and more accurate. What took months to review and approve now takes one to two weeks from receipt. Tax practitioners and Hoosiers who claim these credits have shared their appreciation for the improved service that this dedicated team and improved process delivers.



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Special Tax

Special Tax Team Takes Feedback to Heart

As part of DOR's voice of the customer measurement and continuous improvement program, in FY19 an electronic survey was sent to all Special Tax customers to gather information on their satisfaction with our Special Tax team's customer service. The feedback obtained was extremely valuable, providing areas to celebrate and share with the team and items to use to improve processes and service.

Resulting improvement projects have included reducing licensing turn-around times, enhancing education during each interaction with all aircraft customers about electronic payment options, adjusting staff schedules to support variability in workload and improving the format of publicly posted reports.

Using the valuable customer feedback to enhance processes, the Special Tax team found ways to improve the customer experience and support our passion for continuous improvement and providing best-in-class customer service.

"Any questions I have had with filing taxes have been extremely easy to correct due to how professional and helpful everyone is at all times."

- DOR Customer

"Very easy to contact, always extremely helpful! Extremely satisfied!"

- DOR Customer

"You have exceeded my expectation for government and industry."

- DOR Customer

Electronic Return Filing for Cigarette and Other Tobacco Products Tax Approaches 100%

Electronic filing of tax returns makes a significant difference in the speed, quality and accuracy of tax filings. When returns are filed electronically, data quality improves, errors decrease and processing efficiencies skyrocket.

Our Special Tax team made a major commitment to this in FY19, working diligently to encourage all cigarette and other tobacco products customers to file electronically. Through direct contact with these customers to provide education and assistance, we have reached nearly 100% electronic filing compliance. In the past, efforts to convert filers to electronic filing resulted in approximately 70% compliance.

In FY19, our Special Tax team implemented a new licensing process that shortened the license from one year to two months, requiring the filer to convert from paper to electronic filing within that period.

Also during FY19, we partnered with the Alcohol and Tobacco Commission to ensure all alcohol customers are licensed correctly and in compliance with their filing obligations.

The success of this new process has improved processing speed, efficiency and quality – a win for all participants in the process.



Tax Liability Management

Evolving Collections into Tax Liability Management

Sometimes, Indiana taxpayers end up with tax delinquencies, falling out of compliance with their tax obligations. When this happens, DOR strives to help these individuals achieve and maintain compliance through effective and efficient education and assistance. Help is also available to establish a payment plan. As noted in the 2018 Annual Report, last year we began a journey to evolve the “collections” process into a more customer-friendly experience. That journey continued throughout FY19 with many exciting developments.

One key development includes re-branding “collections” into two areas of “payment services” and “tax liability management.” This reflects the friendlier, customer-centric focus DOR takes when customers find themselves with a tax delinquency. Based on customer and industry feedback, we recognized the need to develop enhanced training, improve processes, increase flexible payment plans and develop proactive educational efforts. This helps customers understand applicable tax requirements and options to achieve and maintain full compliance.

During FY19, we also embarked on a comprehensive evaluation of the various stages a tax liability goes through from a customer and agency perspective. Based on these results, processes were improved to address a wide variety of tax liability situations. One of these situations is late-stage tax debt (or liability), which occurs when DOR is unable to successfully work with customers to resolve their tax liabilities. When a liability situation cannot be resolved by DOR or the Sheriff, the liability is referred to a professional collection agency partner. Our collection agency partner has supported our customer service model and improved payment plans. In addition, they have implemented procedural enhancements by providing a dedicated tax practitioners’ team that provides priority service.

Late-stage liability situations are complex, and we want to ensure that the customer’s experience is handled as efficiently and positively as possible. Having a strategic expert as a collection agency partner is key. In FY19, we started the process to select a partner to implement enhanced liability management processes before our current partner’s contract expires in March 2020.

To ensure we identified and selected the best partner, we established a project in FY19 to identify current and future business needs, researched industry best practices and developed detailed and forward-looking requirements to meet our future liability management needs. A team of DOR experts studied our past liability management practices, results and improvement opportunities, along with best-practices from the financial services, government and health care industries.

In March 2019, we worked alongside the Indiana Department of Administration (IDOA) to publish a detailed Request for Proposal (RFP) to identify a partner who will continue the journey to a more customer-friendly, effective liability management program. We also set the expectation throughout the RFP that our partner must embark not only on our improved liability management journey but on the Project NextDOR modernization journey.

The team’s efforts paid off. We received proposals from numerous industry-leading firms, bringing talent, experience and ideas to the table. The team spent countless hours reviewing proposals, interviewing potential partners and scoring results. In late June 2019, IDOA announced the selected partner. Over the first months of FY20, our team members will work through the many details this stage of the journey requires: contract negotiations, transition plans and ultimately execution. Our goal is to have the new partner – and the new liability management processes – operational early in the second quarter of 2020.



SALES TAX ADMINISTRATION

DOR began requiring remote sellers (a seller without a physical location in Indiana who sells to Indiana residents) to register, collect and remit sales or use tax as of October 1, 2018, if they meet either or both of the following requirements:

- Gross revenue from sales into Indiana exceeding \$100,000; or
- 200 or more separate transactions into Indiana.

For FY19, there has been an increase of 4,481 registrations since FY18. This represents a 114% increase in sales tax registrations for businesses without an Indiana location.

We have engaged in multiple outreach and education initiatives to inform

remote sellers of their obligation to register in order to begin collecting Indiana sales tax. Efforts included creating a remote seller webpage, presenting to various stakeholder groups and sending letters to over 2,500 out-of-state businesses who were identified as potentially meeting the requirements.

DOR estimates an additional \$69 million in sales tax has been collected by remote sellers since July 1, 2018. This estimate is based on a manual review of new out-of-state registrations.

Out-of-State Sales & Use Tax Registrations

FY19 — **8,477**

FY18 — **3,996**

FY17 — **3,596**

Estimated Sales and Use Tax From Remote Sellers

(Estimate Based on Manual Review of Registrations)



TAX POLICY AND LEGISLATIVE AFFAIRS

Our Tax Policy division maintains two primary functions at DOR: tax policy guidance and legislation.

In providing guidance, Tax Policy interprets, evaluates, formulates, compiles and disseminates tax law, policies and procedures to internal staff, external customers, tax practitioners, county officials, state legislators, other state agencies and members of Governor Holcomb's administration.

The Tax Policy division serves as DOR's liaison to the Indiana General Assembly and is responsible for proposing, drafting and advancing legislation on behalf of DOR, as well as monitoring legislation submitted by other members of the General Assembly. Responsibilities include attending and testifying before legislative committees and assisting the Legislative Services Agency in the evaluation of fiscal impact statements of proposed legislation.

Each year, our Policy team invests significant resources in researching, developing and implementing important changes to Indiana tax laws and statutes, including regularly scheduled tax year changes.

During the 2019 legislative session, our Tax Policy team advanced initiatives on behalf of DOR through its annual agency bill, Senate Enrolled Act (SEA) 565. SEA 565 contained a host of initiatives critical to our administration of tax laws, including:

- Providing taxpayers with authority to access their own tax information, as submitted by their current or former employer, upon request and verification of identity.
- Changing the order of application of a partial payment to be applied against principal before penalties and interest, rather than after, to help Hoosiers resolve a tax liability more quickly.
- Requiring sheriff's departments to notify DOR of a payment on a tax warrant within seven days to allow DOR to clear the warrant more quickly.
- Providing that DOR may file a tax warrant in Marion County when the taxpayer, such as a remote seller, does not have a physical presence in Indiana (tax warrants are otherwise required to be filed in a county where the taxpayer has property).
- Other various enhancements related to DOR's modernization effort – Project NextDOR.

Additionally, the Tax Policy team advanced several initiatives aimed at creating more opportunity to better serve Hoosier individuals and businesses, including:

- Shifting the sourcing of the sales of services to a Market-Based Sourcing method – part of Governor Holcomb's economic development bill, SEA 563 (explained in "Shift to Market-Based Sourcing" page 61).
- Passing legislation, as a follow-up to the remote seller legislation passed in 2018, to require marketplace facilitators to collect and remit sales tax on behalf of their sellers if they meet certain requirements rather than the sellers themselves collecting the tax.
- Clarifying the collection requirements regarding sales tax and county innkeeper's tax to be assessed by online travel companies and short-term rentals, and clarifying that the tax is to be assessed on the gross retail income collected for such rentals.



See all
legislative
changes on
page 74

- Creating a new tax, the peer-to-peer vehicle sharing tax, to be assessed on the emerging peer-to-peer vehicle sharing market, for the sharing of passenger motor vehicles and trucks for periods less than 30 days.
- Adding a reporting requirement regarding the Research Expense Credit designed to enhance both the businesses' ability to take the credit and DOR's ability to focus its audit efforts.

Shift to Market-Based Sourcing

As part of Governor Holcomb's economic development bill, SEA 563 (2019), Indiana shifted the sourcing of sales of services to a Market-Based Sourcing (MBS) method – a sourcing method that more accurately taxes those activities occurring within Indiana and does not penalize Indiana businesses for being located in Indiana.

When a company has sales of services in Indiana and in other states, the income from those sales has to be apportioned for tax purposes.

Under the previous cost of performance (COP) rules, income was apportioned based upon where the income-producing activity (generally direct costs) occurred. If more of the income producing activity occurred in Indiana than anywhere else, all of the income was taxed as Indiana income. If more of the income producing activity occurred somewhere other than Indiana, none of the income was taxed as Indiana income.

Alternatively, under the new MBS rules, income is apportioned to the market where the sales of services are delivered, rather than where the direct costs are incurred.

The vast majority of states were originally COP states; however, there has been a steady progression to utilizing MBS, and as of January 1, 2019, 31 states had shifted to MBS.

As a result of Indiana being COP and a majority of other states being MBS, an Indiana company generating income from the sales of services was apportioned and taxed at 100% of income in Indiana. All sales into states that are MBS were taxed again by the destination state when they were delivered into those states. By contrast, a company located outside of Indiana would generally have more of their income-producing activity outside of Indiana and would not be taxed in Indiana.

The shift to MBS is extremely beneficial to Hoosier individuals and businesses as it eliminates the occurrence of double taxation on Indiana businesses who are selling services outside of Indiana, while capturing revenue from income generated by out-of-state businesses who are doing business in Indiana.



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 2019.

Amount of Tax Assessed

Amounts of Tax Assessed Exhibits B, C, D, and E display the number of assessments (refunds) of the sales/use tax, adjusted gross income and financial institutions tax, special tax, and miscellaneous tax violations, respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded. The assessment amount does not include any supplemental adjustments to amounts reported in previous periods. 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 B		
	Amount Assessed	Percent of All Assessments
IC 6-2.5-2-1	\$4,901,484	25%
45 IAC 2.2-5-8	\$3,157,088	16%
45 IAC 2.2-3-4	\$2,660,451	13%

ADJUSTED GROSS INCOME AND FINANCIAL INSTITUTIONS TAX - EXHIBIT C		
	Amount Assessed	Percent of All Assessments
IC 6-3-2-2	\$38,758,319	50%
IC 6-3-1-3.5	\$13,902,005	18%
IC 6-3-4-6	\$3,948,540	5%

SPECIAL TAX - EXHIBIT D		
	Amount Assessed	Percent of All Assessments
IC 6-6-2.5	\$759,322	31%

MISCELLANEOUS TAX VIOLATIONS - EXHIBIT E		
	Amount Assessed	Percent of All Assessments
IC 6-8.1	\$179,729	100%

Number of years in the audit period: 3

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 2019, general use tax rule violations [45 IAC 2.2-3] accounted for approximately \$4.3 million in audit adjustments.

Often, the Department determines that use tax is due from business taxpayers that 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.

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 2019, the statute or regulation that yielded the largest corporate adjusted gross income tax adjustments was IC 6-3-2-2. This article defines adjusted gross income from sources within Indiana. Adjustments made under this statute totaled approximately \$38.8 million this fiscal year.

Special Tax Violations

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 IFTA and the IRP. The largest adjustments to tax dollars in this area this year relates to examinations under these agreements. IFTA assessments were approximately \$1.3 million in FY 2019 while IRP assessments were approximately \$252,000. 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 distribution and taxability of tobacco products in FY 2019, prompted by continued noncompliance in this area and the industry's general lack of consistency in reporting. As a result, approximately \$383,000 in assessments is attributed to due from Indiana distributors, required by IC 6-7-1 and IC 6-7-2.

Miscellaneous Code Violations

Exhibit E provides the assessment amounts for miscellaneous code violations. In FY 2019, the most violated miscellaneous code section was IC 6-8-1-5- 4 which yielded \$68,500 in net assessments and/or refund reductions in FY 2019. This code refers to the failure to maintain adequate books and records.

Voluntary Disclosure Program

DOR continues to promote voluntary compliance by encouraging businesses and individuals who are not in compliance with Indiana tax laws to voluntarily and anonymously come forward to request participation in our Voluntary Disclosure Agreement (VDA) Program. This program allows previously noncompliant taxpayers to work with DOR's audit and legal teams to voluntarily become compliant by filing prior years' tax returns and paying related taxes without penalty.

During FY 2018, DOR developed and promoted a one-time voluntary disclosure initiative for out-of-state retailers that have inventory located in third-party Indiana warehouses and sell to Indiana customers. This initiative was still effective for the first half of FY 2019 and helped retailers with their tax obligations and bringing them into compliance going forward. During FY 2019, these VDA programs have resulted in the collection of \$12.1 million in tax revenue. All VDA information, forms and guidance can be found on DOR's website at dor.in.gov under "Legal Resources."

Industry/Businesses Most Frequently in Violation

Sales and use tax

For the FY 2019 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 512 violations (38 percent of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 100 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 the tax directly to DOR. The second largest number of sales and use tax violations was committed by taxpayers engaged in the manufacturing industry. This group committed 251 violations (19 percent of the total violations) for FY 2019. The most frequently violated rule of this group was 45 IAC 2.2-5-8 with 84 violations. This rule discusses the taxability of manufacturing machinery and tools and equipment used in direct production, manufacturing, fabrication, assembly or finishing of other tangible personal property.

Adjusted gross income and financial institutions tax

For the FY 2019 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 979 violations (66 percent of the total violations). The rule most frequently violated by this group was IC 6-3-4-6 with 825 violations. This code requires taxpayers to notify DOR and file amended returns when a federal modification is made. Taxpayers engaged in wholesale, retail and transportation committed the second-largest number of adjusted gross income tax violations. This group committed 228 violations (15 percent of the total violations) for FY 2019. The rule most frequently violated by this group was 45 IAC 2.2-3-5 with 91 violations. This code defines use tax on motor vehicles. Exhibit C 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 in this exhibit.

Special tax violations

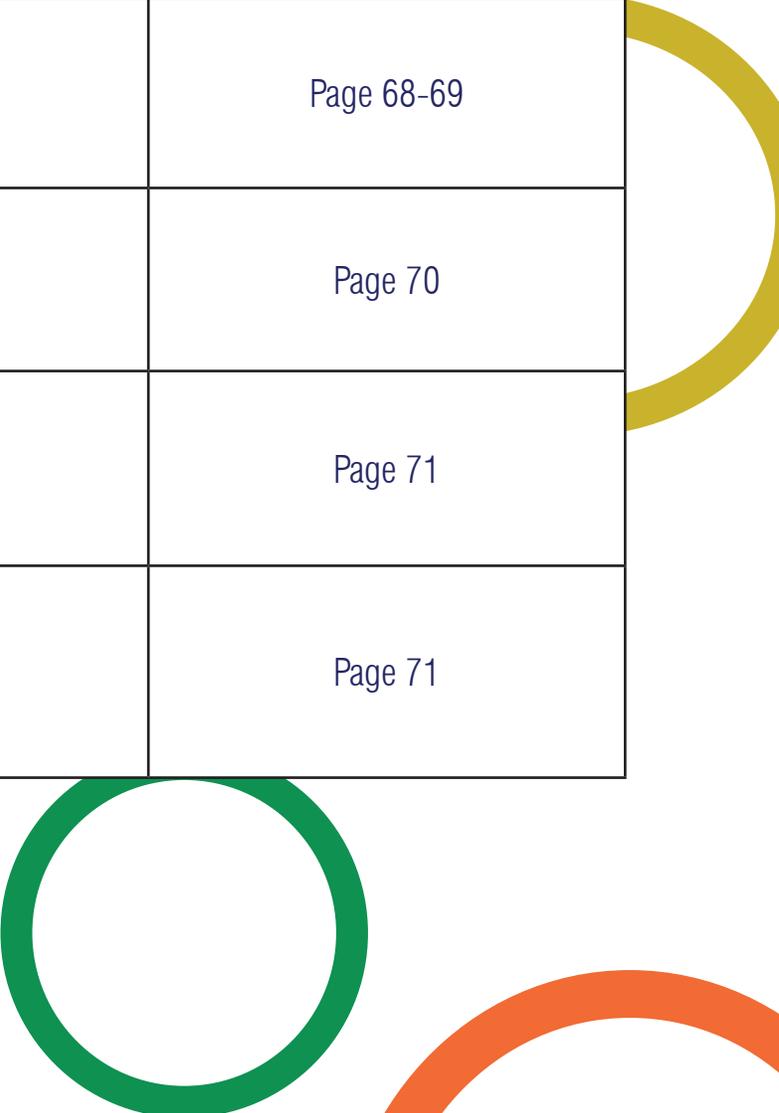
The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2018 was the wholesale, retail and transportation industries. This group committed 601 violations, accounting for around 84 percent of the total violations.





EXHIBITS

Standard Industrial Codes	Exhibit A	Page 67
Sales and Use Tax Audits Dollars Assessed by Industrial Code	Exhibit B	Page 68-69
Adjusted Gross Income Tax Audit Dollars Assessed by Industrial Code	Exhibit C	Page 70
Special Tax Violations Dollars Assessed by Industrial Code	Exhibit D	Page 71
Miscellaneous Tax Violations Dollars Assessed by Industrial Code	Exhibit E	Page 71



STANDARD INDUSTRIAL CODES

Exhibit A

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

* See 45 IAC citation

* To view the IC citation, visit www.in.gov/legislative/ic/code

SALES AND USE TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit B

STANDARD INDUSTRIAL CODE (SIC)										
Citation*	1	2	3	4	5	6	7	8	9	Grand total
45 IAC 2.2-1-1		(1,769)		(4,022)		1,361	48,229	1,273		45,073
45 IAC 2.2-2-1			(14,029)	246,321						232,292
45 IAC 2.2-2-2	96		19,408	319,881	359	1,351	208,864	72,234		622,192
45 IAC 2.2-3-4				(1,157)						(1,157)
45 IAC 2.2-3-12		122,070	3,753	111			7,878			133,812
45 IAC 2.2-3-13		557	9,838	337			6,712	8,216		25,660
45 IAC 2.2-3-15		61,339	4,381	15,785						81,504
45 IAC 2.2-3-20	2,412	17,390	356,228	528,945	111,551	15,558	23,544	62,001		1,117,629
45 IAC 2.2-3-25				1,698						1,698
45 IAC 2.2-3-27	34	130,465	4,482	118,279	1,075		3,619	1,971		259,925
45 IAC 2.2-3-4		1,227,738	196,135	548,889	43,247	170,835	450,269	23,338		2,660,451
45 IAC 2.2-3-5				17,877		3,026				20,902
45 IAC 2.2-3-8			3,999							3,999
45 IAC 2.2-3-9		9,556	286					(1,995)		7,847
45 IAC 2.2-4-13		300,690	(149,661)	(15,134)			6,863			142,757
45 IAC 2.2-4-1			17,143	246,702	35,789	2,952	183	19,451		322,220
45 IAC 2.2-4-21		(69)								(69)
45 IAC 2.2-4-2	(85)	(738)	(3,865)	973			(260)			(3,976)
45 IAC 2.2-4-26		46,675	2,418	1,655	3,855					54,603
45 IAC 2.2-4-27		1,710	4,659	1,697	4,080	56,821	2,393			71,360
45 IAC 2.2-4-28				897						897
45 IAC 2.24-4							(3,537)			(3,537)
45 IAC 2.2-4-8				95	166		2,706			2,966
45 IAC 2.2-5-10				(11,188)			29,404			18,217
45 IAC 2.2-5-12			(8,362)	243,094			38,194			272,926
45 IAC 2.2-5-13	36,810									36,810
45 IAC 2.2-5-14			(1,060)		(765)					(1,825)
45 IAC 2.2-5-15		(3,876)		(6,548)			(8,352)	(36)		(18,813)
45 IAC 2.2-5-16			(10,096)	(10,260)			(1,039)			(21,394)
45 IAC 2.2-5-26			33	4	271			3,621		3,929
45 IAC 2.2-5-36					11,398	934				12,333
45 IAC 2.2-5-4				1,171						1,171
45 IAC 2.2-5-45				318	323		339	103		1,083
45 IAC 2.2-5-54				(64,800)					165	(64,636)
45 IAC 2.2-5-55							37,345			37,345
45 IAC 2.2-5-61						(20,611)				(20,611)
45 IAC 2.2-5-62				(43,788)						(43,788)
45 IAC 2.2-5-6	(5,619)			18,159						12,541
45 IAC 2.2-5-70			(11,900)							(11,900)
45 IAC 2.2-5-8		40,747	2,740,754	366,528	235	445	8,001	378		3,157,088
45 IAC 2.2-5-9				3,976						3,976

* See 45 IAC citation

* To view the IC citation, visit www.in.gov/legislative/ic/code

SALES AND USE TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit B, Cont.

SIC										
Citation*	1	2	3	4	5	6	7	8	9	Grand total
45 IAC 2.2-6-14				1,152						1,152
45 IAC 2.2-6-1	36,975			30,189						67,164
45 IAC 2.2-6-8		5,987	112,830	1,447,284	54,459		170,956	41,191		1,832,708
45 IAC 2.2-7-3				510						510
45 IAC 2.2-8-12		455,196	35,549	335,402			13,383	5,191		844,720
45 IAC 2.2-8-6			3,709							3,709
IC 6-2.5-2-1			665,921	1,184,351	2,872,374	83,228		46,232	49,378	4,901,484
IC 6-2.5-1-14			368							368
IC 6-2.5-1-24		21,194	38,852	162,521	2,372	1,557	5	2,676		229,178
IC 6-2.5-1-5		2,384	1,024	19,398	107,913	17	1,542	80		132,356
IC 6-2.5-3-2		39,070		(82,072)						(43,002)
IC 6-2.5-3-5						180		(1,036)		(855)
IC 6-2.5-3-8	236	8,924	22,061	61,577	3,913	28,908	20,779	6,120		152,517
IC 6-2.5-4-17		91	2,086	125,444		705	105	200		128,632
IC 6-2.5-4-1		80		121,342	13		(1,345)	150		120,240
IC 6-2.5-4-4							3,928			3,928
IC 6-2.5-4-5							(808)			(808)
IC 6-2.5-4-9		51,517	2,334							53,851
IC 6-2.5-5-5.1							(5,400)			(5,400)
IC 6-2.5-5-10		332,467								332,467
IC 6-2.5-5-11		601,759								601,759
IC 6-2.5-5-20			(571)	987	(127)		43,480			43,768
IC 6-2.5-5-35				(1,162)			(5,760)			(6,922)
IC 6-2.5-5-39				120,276						120,276
IC 6-2.5-5-3		5,157	(6,412)							(1,255)
IC 6-2.5-5-40			(1,069)	(3,366)		(11,808,400)				(11,812,835)
IC 6-2.5-5-4			27,491				2,597			30,087
IC 6-2.5-5-5.1				27,875			9,176			37,051
IC 6-2.5-5-50			(15)							(15)
IC 6-2.5-6-1							179,056	37,569		216,625
IC 6-2.5-6-8							39,518			39,518
IC 6-2.5-6-9					703,152		(1,471)			701,681
IC 6-2.5-7-5				3,030						3,030
IC 6-9-12-2							8,045			8,045
IC 6-9-20-3							33,250			33,250
IC 6-9-21-3				513			11,281			11,794
IC 6-9-33-3							18,220			18,220
GRAND TOTAL	70,859	3,476,308	4,068,700	6,081,746	3,955,654	(11,517,956)	1,456,318	331,487	49,378	7,972,494

* See 45 IAC citation

* To view the IC citation, visit www.in.gov/legislative/ic/code

ADJUSTED GROSS INCOME TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit C

Citation*	SIC									Grand total	
	1	2	3	4	5	6	7	8	9		
45 IAC 2.2-7-5				144							144
45 IAC 3.1-1-106					3,433					17,144	20,577
45 IAC 3.1-1-1										65,474	65,474
45 IAC 3.1-1-153					863,914						863,914
45 IAC 3.1-1-2										692,694	692,694
45 IAC 3.1-1-38				(1,388,356)							(1,388,356)
45 IAC 3.1-1-50			1,124,983	(7,659)							1,117,324
45 IAC 3.1-1-52					6,052						6,052
45 IAC 3.1-1-53			53,660		6,928						60,588
45 IAC 3.1-1-55					287,789						287,789
45 IAC 3.1-1-66										174,445	174,445
45 IAC 3.1-1-67										32,832	32,832
45 IAC 3.1-1-8				2,207,965	(93)		232,932				2,440,804
45 IAC 3.1-1-9			334,759	7,890							342,649
45 IAC 2.2-3-5				228,192							228,192
IC 6-2.3-1-4		1,725								1,658	3,383
IC 6-2.3-2-1					465,614						465,614
IC 6-3.1-21-6										982	982
IC 6-3.1-4-1	6,237	6,943	853,700	(467,074)	2,253,857						2,653,663
IC 6-3.1-4-7			110,079		53,473					1,346,435	1,509,987
IC 6-3-1-3.5			4,164,419	657,101	1,724,779	141,503			188		6,687,990
IC 6-3.5-6-23										549,227	549,227
IC 6-3-1-3.5			(325,557)	3,828,442	4,945		3,614,872			91,313	7,214,015
IC 6-3-2-1.5					3,738						3,738
IC 6-3-2-12			624								624
IC 6-3-2-1		1,561,261			(214)						1,561,047
IC 6-3-2-2.6		10,377	9,250	15,380	(156,800)		(313,933)			(1,499)	(437,225)
IC 6-3-2-20			11,610	(65,663)							(54,053)
IC 6-3-2-2			1,208,699	33,312,387	4,845,892		(608,659)				38,758,319
IC 6-3-3-3										1,044,186	1,044,186
IC 6-3-4-12				83,917							83,917
IC 6-3-4-13		60,110	52,970	1,129,372	198,889		10,500	4,339			1,456,180
IC 6-3-4-14					40,602						40,602
IC 6-3-4-6			104,431	342,998						3,501,111	3,948,540
IC 6-3-4-8		49,238	456,415	717,735	189,332	132,962	119,174	173,145			1,838,000
IC 6-5.5-2-1					2,067,404						2,067,404
IC 6-5.5-5-2					3,636,427						3,636,427
IC 6-9-8-2							(677)				(677)
GRAND TOTAL	6,237	1,689,654	8,160,042	40,602,771	16,495,961	274,465	3,054,208	177,672	7,516,002	77,977,012	

* See 45 IAC citation

* To view the IC citation, visit www.in.gov/legislative/ic/code

SPECIAL TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit D

SIC								
Citation*	1	2	3	4	5	7	8	Grand total
IC 13-20-13-7				2,295				2,295
IC 6-6-2.5				759,322				759,322
IC 6-6-3.5				199,868				199,868
IC 6-7-1-12				317,099		741		317,840
IC 6-7-1-19				9,732				9,732
IC 6-7-2-7				55,434				55,434
IFTA Non-Indiana Assessment Adequate Rating	1,266	202	562	72,430	5,132		120	79,712
IFTA Non-Indiana Assessment Inadequate Rating	54	6,253	615	712,324	16,045			735,290
Indiana IFTA Assessment Adequate Rating	1,133	1,377	(419)	31,945	(4,588)		(20)	29,429
Indiana IFTA Assessment Inadequate Rating	2,656	15,438	2,624	398,360	56,841			475,918
IRP Article X-1005	(71)	(376)	14	(4,044)	3,024			(1,453)
IRP Article X-1015	1,089	15,602	2,020	234,865	370			253,946
Motor Carrier Assessment Inadequate Records		29,810						29,810
Supp IFTA Indiana Assessment Inadequate Rating				(18,681)				(18,681)
Supp IFTA Indiana Assessment Adequate Rating				(16,233)				(16,233)
Supp IFTA Non-Indiana Assessment Inadequate Records				(110,835)				(110,835)
Supp IFTA Non-Indiana Assessment Adequate Records				(15,413)				(15,413)
Supp Motor Carrier Assessment Adequate Records				(163)				(163)
Supplemental Adjustment				(263,560)				(263,560)
Supplemental Adjustment, Second				(50,276)				(50,276)
GRAND TOTAL	6,126	68,306	5,417	2,314,469	76,823	741	101	2,471,983

MISCELLANEOUS VIOLATIONS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit E

SIC						
Citation*	2	3	4	5	7	Grand total
IC 36-8-16.6-13			(6,229)			(6,229)
IC 6-8.1-10-2.1		3,500	6,500		3,500	13,500
IC 6-8.1-5-1			57,038		533	57,571
IC 6-8.1-5-2			33,831			33,831
IC 6-8.1-5-4	1,347	28,895	37,227	10	1,018	68,497
IC 6-8.1-9-1		6,330				6,330
GRAND TOTAL	1,347	38,725	128,367	10	5,051	173,500

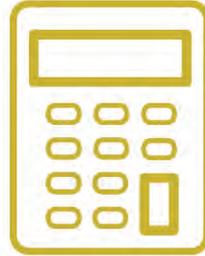
* T See 45 IAC citation

* To view the IC citation, visit www.in.gov/legislative/ic/code

AREAS OF RECURRING TAXPAYER NON-COMPLIANCE

Calculation Errors

When a calculation error is detected, the tax return is flagged for review by a tax analyst. During FY19, 170,947 returns were flagged for a calculation error review. For each case, research is performed and calculations checked to determine the root cause of the error and to make the correction. Possible errors include incorrect calculations from the filer, capture process errors and data being submitted on the incorrect tax return line. After the error has been analyzed and corrected, the return may be successfully processed. The increase in electronic filing and improvements in high-speed imaging and data capture have improved data accuracy and reduced the occurrences of mistakes.



170,947

Returns flagged for a calculation error review

Claiming Credits Incorrectly

A small percentage of taxpayers claim incorrect tax credits or do not have the proper documentation included with the return for a specific credit. This results in the credit being put on hold and worked manually by a DOR tax analyst. For each of these cases, the tax analyst contacts the customer to correct the filing, which may include obtaining the necessary information. In FY19, more than 65,584 tax returns required this manual processing correction. We work to continuously improve tax preparation education and drive improvements in this area.



65,584

Tax returns required manual processing correction

Duplication of Filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then incorrectly also sends DOR a paper-filed copy of the return. In FY19, we received approximately 12,177 duplicate returns. After a duplicate filing is identified, a tax analyst must perform manual steps to mark the second filing as “information only” to avoid processing errors. Customer education by both DOR and tax software companies continue to reduce this number.



12,177

Duplicate returns received by DOR

Failure to Complete a Tax Return or Filing

When a return lacks the necessary information, including all W-2s, schedules and required enclosures and documentation, the return is selected for special processing. A specialized team of tax analysts work with the customer to obtain all required information so processing can continue. In FY19, this team processed 682 returns with this classification.



682

Returns received with information missing

Miscellaneous

The following taxpayer filing errors require manual review, data entry and processing:

- **28,200 Unidentified checks:** These are checks that arrive without the required information for high-speed processing. The majority of these are generated by third-party bill pay services, who submit a check with no voucher.
- **382 WH-3 filed outside of legislative mandated guidelines:** These are business filers that are required to file their WH-3 electronically, but continue to file via paper.
- **18,684 Paper-filed returns manually processed:** This is often a result of older forms being used that require manual processing.



28,200

Unidentified checks



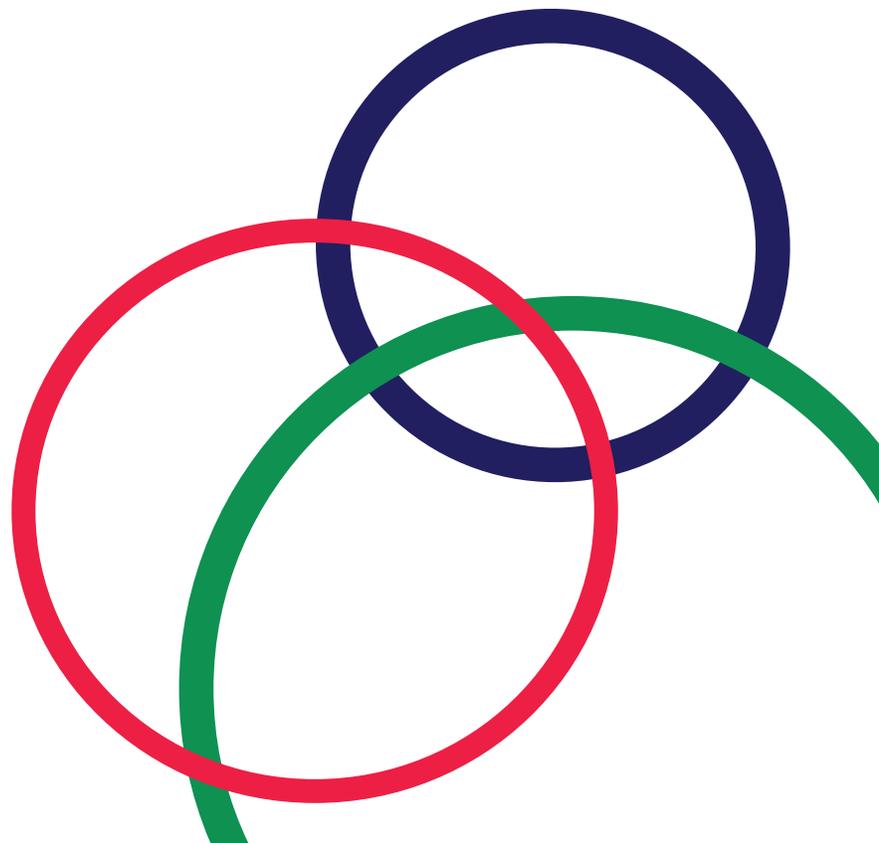
382

WH-3's filed outside of legislatively mandated guidelines



18,684

Paper-filed returns manually processed



2019 LEGISLATIVE UPDATES

The following is a summary of 2019 legislation that impacts DOR and its customers. This summary highlights some of the key changes to Indiana's tax law, listed by enacted legislation. For a more in-depth technical listing of enacted 2019 legislation impacting DOR, review the 2019 Legislative Synopsis found online at dor.in.gov under "Legal Resources."

Senate Enrolled Acts (SEA)

SEA 7: Marion County Capital Improvement Board

Extends the deadline for any increase in the Marion County supplemental auto rental excise tax rate to continue in effect until December 31, 2040, instead of February 28, 2023.

SEA 144: Vehicle Weight

Amends the section dealing with annual bulk milk permits to also allow INDOT to approve annual permits for electric cooperatives.

SEA 171: State and Local Administration

Repeal of Certain Tax Incentives: Repeals the Hoosier alternative fuel vehicle manufacturer investment income tax credit and the local income tax option hiring incentive credit.

Tax Incentive Review Schedule: Extends the Legislative Services Agency tax incentive review schedule from five to seven years.

SEA 563: Economic Development

Small Business Innovation Voucher Program: Establishes the small business innovation voucher program to provide vouchers for eligible small businesses to purchase research and development support from an Indiana institution of higher education or other authorized research providers.

Adoption of Market-Based Sourcing: Changes the sourcing of the sale of services from the historical cost of performance method – sourced to where the income-generating activity (i.e. direct costs) are located, to a market-based sourcing method – sourced to the location of the market for the services.

- The change eliminates some double taxation on businesses that are located in Indiana and are selling services out-of-state.
- Provides a carve-out for telecommunications businesses and broadcast services to keep them in cost of performance sourcing.

Mutual Economic Assistance Agreement: Provides the Indiana Economic Development Corporation (IEDC) may enter into an agreement for mutual economic assistance and a payment agreement with a similar agency or body of a state bordering Indiana.

Industrial Recovery Tax Credit: Provides a taxpayer (with certain exceptions) is not entitled to receive an industrial recovery tax credit for a qualified investment made after December 31, 2019, unless the taxpayer enters an agreement with the IEDC for the investment before January 1, 2021.

Economic Development for a Growing Economy (EDGE)

Tax Credit: Amends the definition of "incremental income tax withholdings" for purposes of the EDGE tax credit to accommodate the hiring of nonresident employees in qualifying investments.

Community Revitalization Enhancement District (CRED):

Permits a taxpayer to claim an income tax credit for qualified investments made after a CRED has expired if the taxpayer satisfies certain conditions.

Venture Capital Investment (VCI) Tax Credit: Allows a taxpayer to assign all or part of a VCI tax credit.

Hoosier Business Investment (HBI) Tax Credit:

- Amends the definition of "qualified investment" under the HBI tax credit to include the purchase of:
 1. Retooled or refurbished machinery;
 2. New energy conservation and pollution control equipment and;
 3. New onsite digital manufacturing equipment.
- Provides the HBI tax credit for new onsite digital manufacturing equipment is not to exceed 15% of the qualified investment.

Headquarters Relocation Tax Credit:

- Amends the headquarters relocation tax credit to extend the credit to an eligible business that:
 1. Acquired at least \$4 million in venture capital within either six months prior to or six months after applying for the credit and;
 2. Commits to:
 - A. Relocating its headquarters to Indiana or;
 - B. Relocating the number of jobs that equal 80% of the business's payroll to Indiana.
- Provides the total amount of headquarters relocation tax credits that may be approved in a state fiscal year for all eligible businesses that qualify for the tax credit under the new provision may not exceed \$5 million.

Redevelopment Tax Credit:

- Establishes the redevelopment tax credit, but requires a taxpayer to apply to the IEDC for the credit. It provides a taxpayer may claim a credit against state tax liability if: (1) the taxpayer makes a qualified investment for the redevelopment or rehabilitation of real property located within a qualified redevelopment site; and (2) the qualified investment is approved by the IEDC.
- Provides the amount of the credit is equal to (1) the qualified investment made by the taxpayer and approved by the IEDC in an agreement; multiplied by (2) the applicable credit percentage determined by the IEDC. It specifies the maximum applicable credit percentages apply to qualified investments. The bill caps the redevelopment tax credit at \$50 million per state fiscal year with certain exceptions. It allows a taxpayer to assign all or part of a redevelopment tax credit, subject to certain limitations. It also authorizes the IEDC to include in an agreement for the tax credit provisions that require the taxpayer to repay all or part of a credit awarded over a period of years. The bill provides that an agreement for the redevelopment tax credit must include a repayment provision for the amount of any credit award that exceeds \$7 million. It also requires the IEDC to establish measurements for evaluating the performance of the redevelopment tax credit and evaluate the tax credit program on a biennial basis.

SEA 565: Various Tax Matters

Denial of Registered Retail Merchant's Certificates (RRMC) for "Chameleon Merchants": Provides DOR authority to decline an application for or revoke an RRMC in instances when a taxpayer or close relative (with a liability or non-filing issue) attempts to obtain another RRMC for a new business that is essentially the same as the first one in order to avoid paying taxes.

- Similar to the 2015 "chameleon carrier" legislation addressing motor carrier registration. (HEA 1472, Section 34)

Petitioning to Discontinue Filing a Combined Income Tax

Return: Clarifies that a taxpayer filing a combined income tax return for any reason must petition the department to discontinue filing a combined income tax return.

Electronic Filing of Pass-through Returns and Schedules for Partnerships, S-Corps and Trusts:

Provides partnerships and corporations with 25 or more K-1s to shareholders file all reports in an electronic format specified by the department. Provides that an estate or trust required to provide 10 or more K-1s to beneficiaries file all such reports in an electronic format specified by the department. Timing of the requirement is intended to comport with the DOR modernization project and matches the requirements for the tax types.

Motor Carrier Fuel Tax (MCFT) on Gasoline Consumption:

Amends MCFT rate to be the rate for the type of fuel being consumed in Indiana by the carrier. Makes technical fixes to IC 6-6-4.1-1 and IC 6-6-4.1-4 regarding definitional changes previously made to "alternative fuel" and "natural gas products" in the special fuel tax chapter that were not correspondingly made in the MCFT chapter.

Recordkeeping Requirements for Tax Purposes: Reinforces existing requirements for taxpayers to keep books and records, and to have them available for inspection by the department.

Change to the Order of Application for Payments to Prioritize Base Liability (for a taxable year beginning after December 31, 2020): Reorders application of partial payments to apply to debt first, then penalties, then interest. Consistent with how the IRS applies partial payments as well. The current order of application of partial payments is to penalties, interest, and then the underlying tax liability.

Expedited Notification of Department of Funds Collected By Sheriffs Pursuant to Tax Warrants: Requires sheriffs to provide notification of payment amount and warrant affected within seven days of receipt to allow the department to promptly clear the lien. Allows the taxpayer to request the sheriff to transmit payment using the department's electronic payment portal in the event of an emergency.

Tolling of Penalties and Interest on Assessments against Incarcerated Taxpayers: Provides for the tolling of penalties and interest while a taxpayer is incarcerated for a period of at least 180 days. Relief may not be more generous than that applicable to military service members.

Tax Warrants Without Physical Presence: Tax warrants must be filed in a county where a taxpayer has real or personal property. If a taxpayer does not have property in Indiana, there was no proper place for a warrant to be filed. Provides (1) the warrant is to be filed in Marion County and (2) the warrant can be domesticated in another state. Addresses various statute of limitations questions on demand notices and filing warrants. Currently, the issuance of demand notices and filing of warrants is covered by the 10-year residual statute of limitations (SOL). However, it was not clear when the dates start or what happens under unusual circumstances. These provisions clarify those rules.

Confidentiality of Tax Information on W-2s: Information contained on a W-2 was technically the protected information of the employer who filed with the department. If the employer went out of business or was otherwise unable/unwilling to provide W-2 information to the employee, the department was prohibited from sharing the information with the employee. Allows the employee to request their own W-2 from the department. Applies to certain other tax statements as well (K-1s or anything else filed with DOR).



Federal Tax Reform: Clarifies several provisions of Indiana's legislative response last year to the 2017 federal tax law. Addresses the filing requirements on Section 965 income to reflect IRS practice and a minor issue involving the application of Section 965 to earnings and profit deficit foreign corporations.

Addresses a net operating loss (NOL) issue related to certain loss limitations.

Heavy Equipment Rental Excise Tax: Provides clean-up regarding definitions and imposition of heavy equipment rental excise tax.

Utility Receipts Tax: Provides that, for taxable years beginning after December 31, 2019, the department must annually adjust the tax rate to be applied to the Utility Receipts Tax so that the expected aggregate revenue from the tax remains the same as the previous year.

House Enrolled Acts (HEA)

HEA 1001: Biannual Budget

Research Expense Credit Modification: Requires a person to disclose whether they claimed the credit on their federal return for Indiana qualified research expenses, and, if they did not, requires them to disclose why they did not claim it on their federal return.

Marketplace Facilitator Collection Requirements: Declares a marketplace to be the retail merchant when it facilitates transactions on behalf of its sellers, and, therefore, must collect and remit sales tax (along with county innkeeper's, food and beverage and other applicable taxes).

- "Marketplace" is a forum, physical or electronic, connecting buyers and sellers for the purpose of engaging in a retail transaction.
- "Facilitation" is tied to the completion of the financial transaction, and requires that the marketplace collect the sales/purchase price or provide access to payment processing services, directly or indirectly, so that the purchase can be made in the marketplace.

Short-Term Rental Clarification:

- Clarifies that sales tax and county innkeeper's tax must be collected on short-term rentals such as Airbnb.
- Clarifies that tax is to be assessed on the gross retail income which includes any service fee, commission or other charges.
- Creates an exemption for non-facilitated rental of a person's primary personal residence for fewer than 15 days in the current year unless the person exceeded the 14-day threshold in the preceding calendar year.

Online Travel Company Clarification:

- Clarifies that sales tax and county innkeepers tax must be collected on rentals facilitated by online travel companies.
- Clarifies that tax is to be assessed on the gross retail income which includes any service fee, commission or other charges.

Peer to peer Car Sharing Tax:

- Beginning January 1, 2020, creates a new tax (2% of gross retail income) imposed on the peer to peer sharing of passenger motor vehicles and trucks for fewer than 30 days.
- Creates an exemption for non-facilitated rentals for fewer than 15 days in the current or preceding calendar year.

HEA 1010: Income Tax Deductions

Increases the income tax deduction for income from military retirement or survivor's benefits beginning in 2019.

HEA 1015: Gaming Matters

- Beginning July 1, 2019, Indiana Gaming Commission began accepting applications for certificate of authority to conduct sports wagering.
- Beginning Sept. 1, 2019, adults over the age of 21 can legally wager on sporting events approved for wagering by the Indiana Gaming Commission.
- Establishes a 9.5% tax rate on adjusted gross receipts received by the properties for authorized sports gaming.
- Authorizes mobile gaming and in-play wagering.

HEA 1186: Crimes Involving Synthetic Drugs

Provides that the department may revoke or suspend a registered retail merchant certificate for a conviction for an offense under IC 35-48-4. The conviction involves the sale of or offer to sell in the normal course of business a synthetic drug as defined in IC 35-31.5-2-321 as well as a synthetic drug lookalike substance defined in IC 35-31.5-2-321.5, or a controlled substance analog as defined in IC 35-48-9-3, or a substance represented to be a controlled substance as described in IC 35-48-4-4.6.

HEA 1362: Peer to Peer Vehicle Sharing

Creates the requirements for peer to peer vehicle sharing.

HEA 1402: Local taxes (contingent on passage of local ordinance)

- County Innkeeper's Tax:
 - Floyd/Clark County increased from 4% to 6%
 - Allen County increased from 7% to 8%
 - White County levy on resorts
 - Howard County increased from 5% to 8%
 - Knox County up to 6%
- Brown County \$1 Admission Tax
- Food and Beverage Tax
 - Attica
 - Danville
 - Greenwood
 - Whitestown

HEA 1405: Taxation of Data Centers

- Sales tax exemption for qualified data center equipment and eligible data center costs.
- Applies to projects involving facilities or data centers dedicated to computing, networking or data storage activities worth a minimum investment from \$25 million to \$150 million based upon population.
- Purchases of qualified data center equipment and eligible data center costs - including electricity, hardware, software and support infrastructure - are exempt from sales tax.

HEA 1427: Local Government Matters

Requires the department, before September 1 of each year, to submit a report to the interim study committee on fiscal policy summarizing the department's systems modifications concerning geographic information systems mapping of local income tax collection for purposes of allocating local income tax based on the residency of a taxpayer.

HEA 1447: Financial Institutions and Consumer Credit

Provides that if the department of state revenue notifies the department of financial institutions that a person is on the most recent tax warrant list, the department of financial institutions shall not issue or renew the person's license to engage in first-lien mortgage transactions until the person provides to the department of financial institutions a statement from the department of state revenue that the person's tax warrant has been satisfied, or the department of financial institutions receives a notice from the commissioner of the department of state revenue under IC 6-8.1-8-2(k).

HEA 1517: Charity Gaming

Recodifies the Indiana Code article governing charity gaming, IC 4-32.2, as IC 4-32.3.

HEA 1518: Alcoholic Matters

Repeals the malt excise tax.

INDIANA TAX DESCRIPTIONS

This list includes rate changes and repeals effective July 1, 2019, but does not include changes after July 1, 2019.

Aircraft License Excise Tax

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

Alcoholic Beverage Excise Tax

Per-gallon rates are as follows: beer = \$0.115; liquor/wine (21% alcohol or more) = \$2.68; wine (less than 21% alcohol) = \$0.47; mixed beverages (15% or less) = \$0.47; hard cider \$0.115. Effective July 1, 2019, the malt excise tax has been repealed. These taxes are collected by the DOR's Special Tax Division.

Auto Rental Excise Tax

A tax based on the gross retail income from the rental of a motor vehicle weighing not more than 11,000 pounds for less than a 30-day period at a rate of 4%.

Aviation Fuel Tax

Excise tax collected by retailers of aviation fuel purchased in Indiana at the rate of \$0.20 per gallon. This tax is added to the selling price of aviation fuel. The United States, its agencies or instrumentalities, the State of Indiana and Indiana Air National Guard and common carriers of passengers or freight are exempt from tax.

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% of the wholesale price. It is collected and remitted by the licensed distributor, not who sells to the end consumer.

Cigarette/Other Tobacco Tax

Rates are as follows: pack of 20 cigarettes = \$0.995; pack of 25 cigarettes = \$1.24375; other tobacco products, excluding moist snuff = 24% of wholesale price; moist snuff = \$0.40 per ounce. It is collected and remitted by the licensed distributor.

Corporate Adjusted Gross Income Tax

The adjusted gross income tax rate for periods July 1, 2012, was 8.5%. Beginning July 1, 2012, the rate reduces by 0.5% per year until July 1, 2015, when the rate will be 6.5%. Beginning July 1, 2016, the rate continues to reduce by 0.25% per year until July 1, 2020, when the rate will be 5.25%. Beginning July 1, 2021, the rate will be 4.9%.

County Innkeeper's 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. Effective July 1, 2019, tax owed by a marketplace facilitator shall be collected by the department even if the locality otherwise collects the tax.

Financial Institutions Tax

A tax based on the federal adjusted gross income at a rate of 8.5% for businesses that are engaged in extending credit, leasing (when it is the economic equivalent of extending credit) or credit card operations. Beginning Jan. 1, 2014, the rate reduces by 0.5% per year until Jan. 1, 2017, when the rate will be 6.5%. Beginning Jan. 1, 2019, the rate will be reduced to 6.25%, with further reductions to 6.0% in 2020, 5.5% in 2021, 5.0% in 2022 and 4.9% in 2023.

Food and Beverage Tax

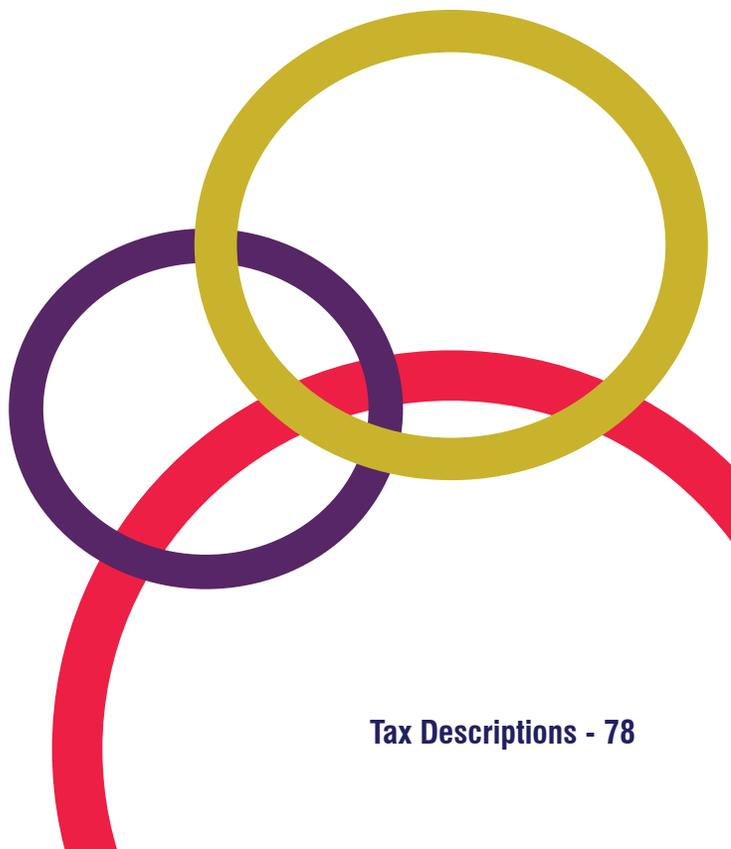
Tax determined locally for purchases of food and beverages for immediate consumption at a rate of 1% of the retail sales price. The rate for Marion County and the Orange County Historic Hotel (West Baden) is 2%. In some cases, a county and a municipality in the county may both impose a 1% tax for a combined rate of 2%.

Gasoline Tax

The gasoline tax is \$0.29 per gallon for FY19 and \$0.30 per gallon for FY20 for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

Gasoline Use Tax

This tax replaced the retail sales tax on gasoline purchases effective July 1, 2014. The gasoline use tax is imposed at the time a retail merchant takes delivery at a flat rate per gallon. The tax rate to be used is calculated each month.



Heavy Equipment Rental Excise Tax (New)

Effective January 1, 2019, a heavy equipment rental excise tax of 2.25% is imposed on the gross retail income received from the rental of tangible personal property from a business in Indiana that primarily rents equipment described in NAICS code 532412. Rentals by government entities, sub-rentals when the heavy equipment rental excise tax has been imposed previously and rentals of property for mining purposes are exempt from this tax.

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 3.23%.

Local Income Tax (LIT)

For residents, individuals are subject to tax on their income subject to Indiana adjusted gross income tax based on their county of residence as of January 1. For most nonresidents, individuals are subject to tax on their income subject to Indiana adjusted gross income tax derived from the individual's principal place of business or employment and based on the individual's principal county of business or employment as of January 1. Nonresident sports team members and racing team members are subject to tax in all counties in which they perform services as a team member. The tax rate varies by county.

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 10% of the admission price (does not include events sponsored by educational institutions or religious or charitable organizations).

Marion County Supplemental Auto Rental Excise Tax

A tax based on the gross retail income from the rental in Marion County of a motor vehicle or truck weighing no more than 11,000 pounds for less than a 30-day period at a rate of 6%. Revenue from the tax is paid to the Capital Improvement Board (CIB) of Managers.

Motor Carrier Fuel Tax

The per-gallon rate for FY19 is \$0.48 for all special fuel and \$0.29 for gasoline used by commercial motor carriers operating on Indiana highways. For FY20, these rates increase to \$0.49 and \$0.30, respectively.

Motor Vehicle Excise Tax

DOR's compliance program 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 the vehicle, plus penalty and interest for the time period the vehicle is illegally registered. (Except for this program, the motor vehicle excise tax is collected by the Bureau of Motor Vehicles.)

Pari-Mutuel Wagering Tax

A 2% 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% of the total amount of money wagered on simulcasts from satellite facilities.

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% of the petroleum value or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

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.

Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5% is levied against its adjusted gross receipts (AGR) (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15% to 40%, depending on the amount of AGR. Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$7 million annually.

Beginning in FY14, the lowest tax bracket of 15% can change to 5% if the riverboat had less than \$75 million of AGR during the preceding state fiscal year. An additional tax of \$2.5 million is imposed if the riverboat taxed under the alternative schedule receives AGR exceeding \$75 million in a particular state fiscal year.

RVs and Truck Campers Excise Tax

The RV Excise Tax must be paid when the RV or truck camper is required to be registered. Payment is made to a license branch in the vehicle owner's county of residence. When an RV or truck camper is acquired after the annual registration date, the excise tax is reduced by 8.33% for each calendar month after the registration date.



Sales and Use Tax

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

Slot Machine Wagering Tax

A pari-mutuel racetrack owner who conducts slot machine gaming at the owner's racetrack is responsible for this and is subject to a graduated tax on 88% of its adjusted gross receipts from 25% to 35%. Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$7 million annually.

Special Fuel Tax

A license tax of \$0.48 per gallon for FY19 and \$0.49 per gallon for FY20 is imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles.

Supplemental Wagering Tax

Effective July 1, 2018, all riverboat casinos (other than French Lick casino), are subject to a supplemental wagering tax. The tax rate is based on FY17 riverboat admissions taxes divided by FY17 adjusted gross receipts for each casino. However, the tax rate cannot exceed 4% (3.5% effective July 1, 2019).

Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10% 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.

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% and is imposed if the utility service provider is not subject to the utility receipts tax.

Utility Receipts Tax

An imposed tax of 1.4% on gross receipts from retail utility sales.



LEGISLATIVE REQUIREMENTS

In accordance with IC 6-8.1-14-4, the Indiana Department of Revenue Annual Report must include the following:

1. Areas of recurring taxpayer noncompliance, **pages 72-73.**
2. A statistical study under IC 6-8.1-7-2 from the department audit process, including the following, **pages 63-71:**
 - A. The statute or rule violated by the taxpayers.
 - B. The amount of tax involved.
 - C. The industry or business of the taxpayers.
 - D. The number of years in the audit period.
 - E. The use of professional tax preparation assistance by the taxpayers.
 - F. The filing of appropriate tax returns by the taxpayers.
3. Recommendations for improving taxpayer compliance and department administration by the following:
 - A. The adoption of new or amended statutes and rules, **page 74-77.**
 - B. Improvements in the training of department employees, **page 50-53.**
 - C. Improvements in taxpayer communication and education, **page 34-35.**
 - D. Increases in the enforcement capability of the department, **page 40-43.**
4. The certification required under IC 6-8.1-3-2.6, **page 3.**
5. The following information, **page 27:**
 - A. The number of taxpayers
 - i. Individual: **4,483,770**
 - ii. Corporate: **343,203**
 - iii. Total: **4,826,973**
 - B. The amount of gross collections: **\$22,222,042,351**
 - C. The amount of net collections: **\$20,986,278,345**
 - D. The amount of refunds: **\$1,235,764,005**
 - E. The amount of collection allowances: **\$51,618,754**
 - F. The amount of administrative costs: **\$70,684,057**
 - G. The amount of delinquencies by type of tax collected by the department: **\$330,477,467**

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Telephone Numbers

Corporate Tax	317-232-0129
Electronic Funds Transfer	317-232-5500
Individual Income Tax	317-232-2240
INtax Hotline	317-233-8729
Legal	317-232-2100
Motor Carrier Services	317-615-7200
Payment Services	317-232-2165
Sales Tax	317-233-4015
Investigations	317-232-3376
Tax Practitioner Hotline	317-233-4017
Taxpayer Advocate Office	317-232-4692
Withholding Tax	317-233-4016

For a list of phone numbers by tax type, visit dor.in.gov.



Website

dor.in.gov

To access tax forms and important publications, subscribe to email communications and see the latest updates on tax issues.



Email

IndividualTaxAssistance@dor.in.gov

Ask questions about individual income taxes, INfreefile Program, refund status and more.

BusinessTaxAssistance@dor.in.gov

Ask questions about corporate tax, INtax, WH-3/W2 filing and more.

PublicRecordsRequest@dor.in.gov

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