



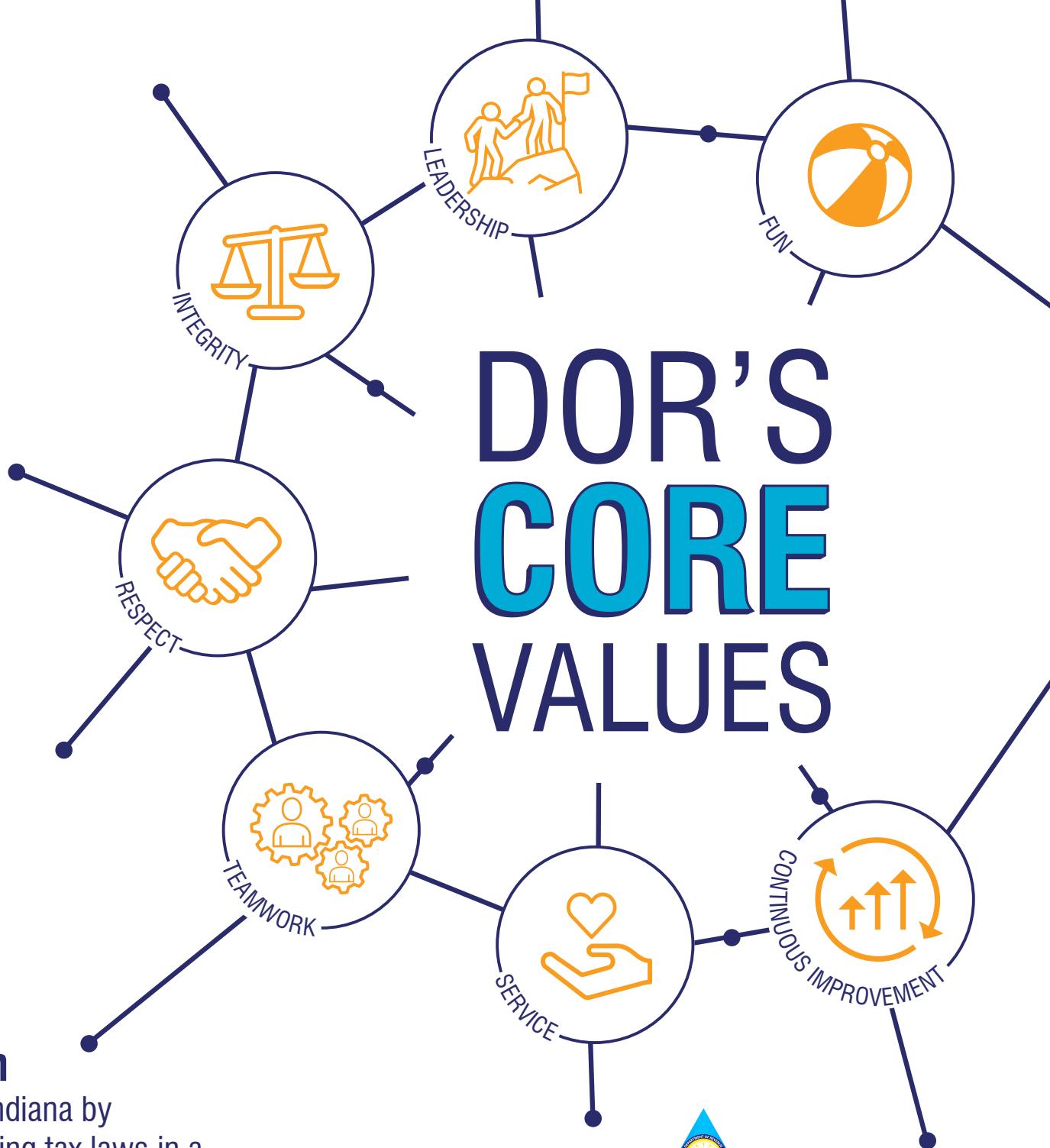
DOR FY20

Annual Report



IN REVIEW

INDIANA DEPARTMENT OF REVENUE



Mission

To serve Indiana by administering tax laws in a fair, secure and efficient manner.

Vision

To be recognized as the premier tax administrator in the nation and a great place to work.

Purpose

To provide great government service at a great value to our customers.





#WeAreDOR





COMMISSIONER'S LETTER

Dear Governor Eric Holcomb,

On behalf of the entire Indiana Department of Revenue (DOR) team, it is my honor to present to you DOR's annual report for fiscal year 2020 (FY20 - July 1, 2019 – June 30, 2020). This report is submitted pursuant to Indiana Code 6-8.1-14-3.

FY20 was another extremely successful and proud year for the DOR team. It was also, like most other organizations, a year like no other. Despite all the challenges presented, the team remained passionately committed to our mission to serve Indiana and the Hoosiers that count on us. We also continued to find ways to improve our systems, operations and service – all with the goal to enhance our delivery of great government service at a great value to the citizens of Indiana.

The first half of the fiscal year included the smooth completion of the 2019 Individual Income Tax Season, progress on a wide variety of agency improvement projects and the implementation of legislative and annual tax changes. It also included the successful first rollout of Project NextDOR and DOR's new tax processing system, the Indiana Tax System (ITS) and the state-of-the-art e-services portal (INTIME).

After completing project development, base system configuration and the required organizational development work, the successful Rollout 1 of Project NextDOR in FY20 introduced the critical components of the entire system. It also introduced new functionality for corporate tax administration and provided the foundation for the remainder of the project. Due to the exhaustive and extremely high-quality work performed by staff across the agency and our FAST Enterprises partners, this transformational project is setting the example for modernization project success.

The second half of FY20 started with the kickoff of the 2020 Individual Income Tax Season and Rollout 2 of Project NextDOR. Then, like all other organizations, in mid-March, our world turned upside down due to the COVID-19 pandemic.

As described within the report, the DOR team developed a “find a way” can-do attitude to ensure DOR systems, operations and services continued to operate at high levels. I could not be more proud of the way our team continued to live our core values as we tackled every challenge encountered. It is quite a success story.

Our team was also proud to have our work recognized again this year. In May, we learned that our peers in the tax administration industry awarded our team with two FTA awards for important agency improvement projects. And in June, we were recognized for the second year in a row, by the *IndyStar* as a Top Workplace. The DOR team cares deeply about what we do and why we do it and recognition is not the goal, but being recognized for what we live and feel every day is truly an honor.

The FY20 annual report tells another amazing story about the DOR team and the work these dedicated public servants do every day to serve Indiana. I am honored to be part of this team.

Respectfully,

Bob

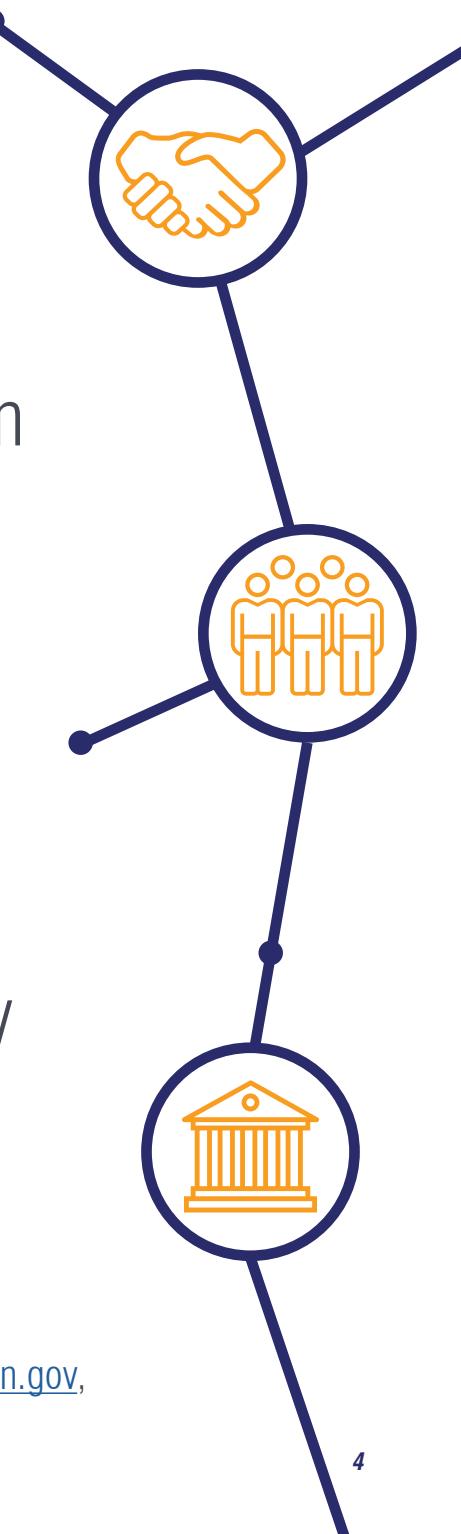
Bob Grennes, DOR Commissioner

TAXPAYER BILL OF RIGHTS

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

Public Law 332-1989

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](#) by visiting dor.in.gov, selecting “Legal Resources” and then “Tax Library.”

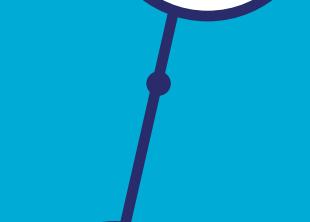
TABLE OF CONTENTS



DOR's Response to the COVID-19 Pandemic



Summary of FY20 Tax Receipts



Processing & Customer Service Stats

DOR District Offices



DOR Divisions

Communications
Finance
Information Technology
Inspector General
Legal
Operations
Sales & Use Tax
Tax Policy & Legislative Affairs



2020 Legislative Update

Audit Division Statistical Study

Legislative Requirements

Connect with DOR

6

18

19

21

22

35

39

50

51

DOR LEADERSHIP



BOB GRENNES, COMMISSIONER

After serving as the Indiana Department of Revenue's Chief Operating Officer from 2017-2019, Bob was appointed by Governor Eric Holcomb as Commissioner on February 1, 2020. Bob works with team members across the agency to manage and improve agency operations, service delivery, customer service and key stakeholder relationships. He also is playing a key role in Project NextDOR and helping lead the agency through its system, service operations and cultural transformation. Bob built his career over four decades in the private sector leading information technology and financial services organizations, while holding a variety of management, executive and board positions. With a passion for developing servant leaders and building and nurturing healthy, high-performing and continually improving organizations, Bob is helping the DOR team deliver on Governor Holcomb's commitment to take Indiana to the next level.

EMILY BOESEN, CHIEF COMMUNICATIONS OFFICER

As the Chief Communications Officer, Emily uses more than 14 years of state experience working in various communication and marketing roles to continuously find innovative ways the agency can connect with and serve DOR's customers and stakeholders. Her team manages state and national media inquiries, uses social media and digital communications to keep customers informed, updates the external and internal websites and produces videos and publications to help customers and team members navigate through complex tax issues.



DWAINE BRINSON, INSPECTOR GENERAL



As Inspector General, Dwaine has the responsibility of conducting and directing internal and external investigations as it relates to tax issues. Using his vast experience working for the federal government in Chicago as an Internal Auditor with the Internal Revenue Service and later as the Special Agent in Charge for the Treasury Inspector General for Tax Administration's Chicago field office Dwaine oversees compliance and ethics, internal audit, investigations and taxpayer advocate services.

KEVIN GULLEY, CHIEF INFORMATION OFFICER

Kevin has been a member of the DOR team since 2007 and serves as DOR's Chief Information Officer. Kevin has over 20 years of experience in information technology and has served as an 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 and his team are responsible for software development, information security, operations support and information management and reporting. Kevin is also leading the agency's modernization project, Project NextDOR, which represents a major technological upgrade to DOR's core administrative systems.





ZIA MOLLABASHY, GENERAL COUNSEL

Zia heads the Legal Division as General Counsel for DOR, managing all aspects of administrative and judicial matters relating to DOR. His division includes litigation, legal services and appeals in addition to providing legal representation and advice to the entire agency. 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.

CASEY PARENT, DIRECTOR OF HUMAN RESOURCES

Casey has worked in human resources for the Indiana State Personnel Department for six years and has served several 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 the Department of Local Government Finance (DLGF) and Indiana Public Retirement System (INPRS). Casey manages every aspect of human resources for the agency including onboarding and offboarding.



CHRIS RUSSELL, SPECIAL COUNSEL AND POLICY DIRECTOR



Chris and the Tax Policy team at DOR are responsible for the development of both internal and external tax guidance, as well as representing DOR to serve the Indiana General Assembly in all legislative initiatives. As special counsel, he also serves DOR and Commissioner Grennes as legal counsel for a variety of special 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 Indiana Bureau of Motor Vehicles.

TAMMY TSCHETTER, DIRECTOR OF THE TAXPAYER ADVOCATE OFFICE

Tammy is the Director of the Taxpayer Advocate Office (TAO), where she oversees the Claim for Hardship, Offer in Compromise and Problem Resolution programs, as well as assisting active-duty military personnel, seniors, incarcerated individuals and individuals facing urgent, complex tax issues. Tammy and her team are an essential part of customer service as they handle incredibly complex and urgent tax matters for various types of customers. She has served DOR for more than 30 years, working in Collections, Bankruptcy and Legal before joining TAO.



ED VANCE, CHIEF FINANCIAL OFFICER



As Chief Financial Officer, Ed provides the agency with precise and strategic direction in financial stewardship. Ed began his career in the private sector as a CPA in the audit division of Ernst and Young. Since then, he's spent more than 20 years holding numerous corporate finance positions fine-tuning his skills as an expert in financial management, leadership and guidance. Ed leads DOR's Finance Division in providing diverse services such as accounting and internal control, budget development and administration, revenue tracking, procurement and contract development, payroll administration, travel and expense report processing and accounts payable processing.

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

TOP WORKPLACE



INDYSTAR
PART OF THE USA TODAY NETWORK

DOR did it again!

In June 2020, and for the second consecutive year, DOR was named by the *IndyStar* as a Top Workplace. This prestigious award is employee-driven and based on the results of an anonymous 24-question survey administered by Energage™.

Eighty-eight percent of DOR team members voluntarily completed the survey, which included questions about organizational commitment, communication, motivation and leadership.

DOR was honored to have Governor Holcomb announce the exciting news via video to the entire DOR team at the June virtual All Agency Meeting. It was a proud day to be once again recognized for the positive and engaged culture the team has worked so hard to develop.

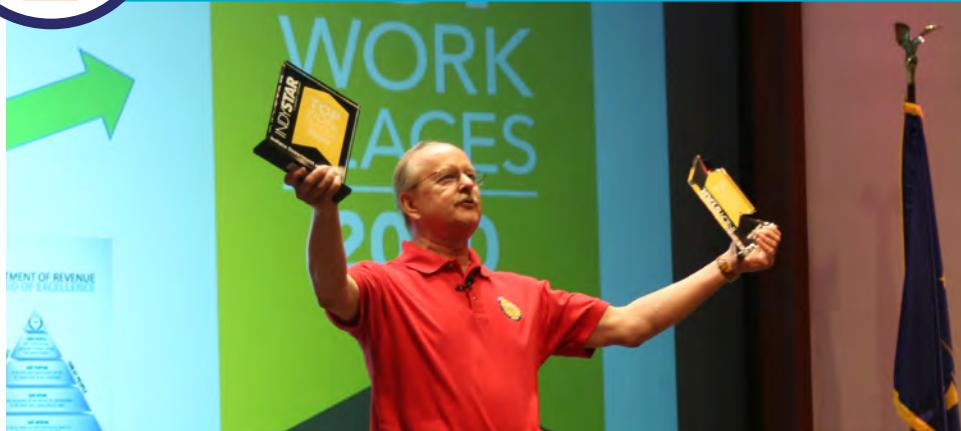
The *IndyStar* announced the winners on June 21. DOR was included in the large organization category, ranking 9th out of 15 winners, up from 12th last year.

The 2020 trophy is proudly displayed next to the 2019 trophy in the agency's central office in downtown Indianapolis. It is also going on the road to visit all DOR locations throughout the state.

The entire DOR team is extremely proud of this recognition of the team's commitment to providing great government service while being a great place to work.



TOP WORKPLACE FOR 2ND YEAR



"OUR TEAM CARES DEEPLY ABOUT THE IMPORTANT WORK WE DO AND THE HOOSIERS WE SERVE. WE ALSO CARE ABOUT EACH OTHER AND OUR WORK ENVIRONMENT. DOR IS A PRETTY SPECIAL PLACE AND WE ARE SO PROUD TO BE ONCE AGAIN RECOGNIZED AS A TOP WORKPLACE."

- COMMISSIONER GRENNES



AGENCY INITIATIVES



AGENCY MEETINGS



All Agency Meetings

Large-scale business meetings don't often involve beach balls sailing through the air, live music or a packed house. But for the DOR team, it's a regular occurrence at All Agency Meetings. These take place every few months and hundreds of DOR teammates tune in and gather at the Indiana Government Center South building, leaving the auditorium standing room only. These meetings have become known for their lively energy mixed with updates on agency programs and projects. DOR also uses these meetings as an opportunity to celebrate agency successes, including project achievements, employee of the month and year, length of service milestones and giving shoutouts to team members who provide outstanding customer service. The June meeting was held entirely online to keep the DOR team safe during the COVID-19 pandemic. Even without the in-person connection, the team was fully engaged, especially when Governor Holcomb announced that DOR was named one of *IndyStar's* Top Workplaces for the second year in a row.

#DORGivesBack

The #DORGivesBack program continues to make a profound impact as DOR team members generously give back to the communities they live in and serve. This program also allows DOR team members to build teamwork skills and stronger relationships. Team members take time out of their busy schedules, using their own personal or vacation time, to volunteer to help various organizations accomplish their goals. In FY20, DOR was able to coordinate six volunteer events (before the COVID-19 pandemic) in which more than 100 DOR volunteers worked more than 300 hours with Gleaners Food Bank and Hoosier Veterans Assistance Foundation of Indiana. In addition, the DOR team donated their time to other organizations via smaller events throughout the year.

Not only does #DORGivesBack help the community, but also strengthens the DOR team by building new relationships among team members that may not normally get the chance to work together. It also helps the agency live up to the core value of service while supporting DOR's mission by serving Indiana and fellow Hoosiers.



#DORGIVESBACK



Statewide Listening Tour

Since 2017, members of DOR's leadership team have made traveling across the state each year a priority. These trips provide the opportunity to personally meet face-to-face with DOR team members and local tax practitioners. Coupled with many other information-sharing events throughout the year, this program is critical to the agency's commitment to openness, collaboration and continuous improvement.

This program provides all participants the opportunity to share information and develop positive relationships. During these visits, agency leadership provides a variety of agency updates, shares information about important changes and facilitates open Q&A dialogue.

One of the main topics of discussion in FY20 was Project NextDOR. Kevin Gulley, DOR's Chief Information Officer and Project NextDOR Lead Executive, provided important updates and answered questions related to both internal and external changes.

This year's tour was another big success as DOR continued to build and nurture collaborative relationships that are at the foundation of DOR's commitment to serving Indiana, providing great government service and being a great place to work.

Commissioner's Tax Advisory Council

The Commissioner's Tax Advisory Council entered FY20 with a continued eagerness to work collaboratively with the DOR team to exchange information and provide invaluable advice and counsel on key issues.

The 14-member council allows the agency to connect directly with business leaders and tax experts who strive for effective tax administration in Indiana. Council members volunteer their valuable time to provide guidance regarding agency operations, policies, programs and initiatives during each meeting. New in FY20, each member was part of a subcommittee focusing on areas of audit, customer service, policy or modernization. These committees allowed the opportunity for council members to pair up with DOR team members to dive into specific subjects and openly share feedback to spur improvements within the agency. Other areas of focus for the council this year included a wrap-up of the 2019 legislative session and preview of the 2020 legislative agenda, Project NextDOR's first and second rollouts, marketplace facilitator implementation and the selection and transition to DOR's new collections partner.

ADVISORY COUNCIL



“IT HAS BEEN A RARE PRIVILEGE TO BE A MEMBER OF THE COMMISSIONER’S TAX ADVISORY COUNCIL. THE EXCHANGE OF IDEAS AND POINTS OF VIEW FROM A VARIETY OF PRACTITIONERS, BUSINESS LEADERS AND DEPARTMENT PERSONNEL HAS BEEN ENLIGHTENING. THE DEPARTMENT’S APPRECIATION AND IMPLEMENTATION OF THE COUNCIL’S INPUT MAKES THEM TOP PEOPLE TO WORK WITH, AS WELL AS TOP PLACES TO WORK.”

- CAROL FLYNN

ADVISORY COUNCIL MEMBERS



Patrick Thomas - Notre Dame Tax Clinic

Stacey McCreery - ROI Search Group

Jim Eads - Ryan LLC

William Waltz - Indiana Chamber of Commerce

Benjamin Smith - Estep-Doctor & Company PC

Philip Jackson - L.M. Henderson & Company LLP

John Laszlo - Laszlo & Popp P.C.

Carol Flynn - Flynn Accounting LLC

Donna Niesen - Katz, Sapper & Miller

Lauren Hagwood - Intuit

Monty Korte - EY (Ernst & Young)

Kyle Simmerman - BGBC Partners LLC

Jon Pryweller - Whitewater Group LLC

Karen Ward - Indiana Legal Services Inc.

PROJECT NEXTDOR

With the support of Governor Holcomb and the Indiana General Assembly, in 2017, DOR embarked on Project NextDOR, a once-in-a-generation project to modernize legacy tax systems, agency operations and service processes. In September 2019, Project NextDOR launched the first of four rollouts for the new Indiana Tax System (ITS) and the new customer-friendly e-services portal INTIME, the Indiana Taxpayer Information Management Engine, on time and on budget.

FY20 included several major milestones. The DOR team, working alongside FAST Enterprises, a leading provider of integrated tax solution systems quickly saw the results of this successful first rollout:

- 73% of corporate filers are now filing electronically, up from 55% the year prior. Corporate filers in Rollout 1 are now able to electronically file (MeF) amended returns. Prior to Rollout 1, all amended returns had to be filed on a paper form and mailed in. Filing electronically not only allows for quicker processing but the information that is received is more accurate, benefiting both customers and DOR.
- Rollout 1 introduced 9,800 new users to INTIME and 22,755 new file and pay transactions.
- Over \$315 million in payments have been successfully processed by the new modernized system.

Among the challenges faced in FY20 was the COVID-19 pandemic. As part of DOR's Helping Hoosiers program, DOR extended several key tax deadlines during the pandemic including corporate filing and payment dates. The date modifications were accurate, fast and effective and proved to be a great test of the new ITS.

Although in-person interaction was on hold due to the COVID-19 pandemic, the Project NextDOR team never missed a beat. Thanks to the DOR Security team and agency leaders, the team was able to remain connected and on track while working remotely.

73%
Corporate Filers Filing Electronically
55% the prior year

9,800
New INTIME Users After Rollout 1

22,755
New File and Pay Transactions After Rollout 1

Over \$315M
Successfully Processed by New System

18
DOR Team Members on the Project NextDOR Team

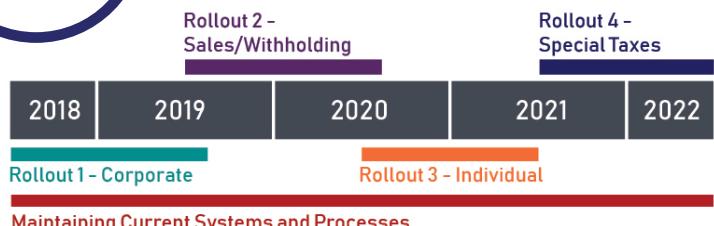
40
Contractors from FAST on the Project NextDOR Team

Rollout 2

Immediately following the successful implementation of Rollout 1, the Project NextDOR team, made up of 18 DOR team members and 40 contractors from FAST, began work on Rollout 2 which consists of several business taxes, including sales and withholding.



PROJECT TIMELINE



Maintaining Current Systems and Processes

Rollout 2 –
Sales/Withholding

Rollout 4 –
Special Taxes

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020

2021

2022

2019

2018

2020



These two tax types alone account for over 50% of all state revenue collected annually. This rollout allows more than 200,000 sales and withholding customers to manage their tax obligations in a new and modern system, have secure direct messaging with the DOR team and the ability to easily access all letters and notices sent in one location. These new online features are part of a suite of new services being developed and are in alignment with bringing DOR into the modern era of tax revenue services.

The biggest impact of Rollout 2 requires business customers with sales and withholding tax obligations, that previously used INTax, to register for, and begin using INTIME.

The mover graphic demonstrates the tax types available in INTIME beginning Sept. 8, 2020, versus the tax types remaining in INTax until a later rollout. A complete list of the expanded functionalities offered in INTIME for specific tax types included in Rollout 2 is shown below.

Definitions and Base Configuration (Oct. 2019 – Jan. 2020)

DOR kicked off Rollout 2 with the Definition Phase, which defined what the system requirements would be, ensured all changes were in line with state statute and worked to improve current business processes. During the Base Configuration phase, definitions supporting core business processes were configured, implemented and verified in a testing environment. This phase was a “hands-on” opportunity for DOR teammates to evaluate the new system.

DOR team members, known as Business Analysts (BAs) and Subject Matter Experts (SMEs), play a critical role in defining how ITS and INTIME will work to best serve our staff and customers. Definitions were quickly translated into configurations within the system during the Base Configuration and Development Phases. These configurations were then refined and tested throughout the rollout to ensure minimal changes and surprises once User Acceptance Testing began.

Rollout 2 Tax Types	Register New Tax Account	File Returns	Amend Returns	Make Payments	Request Refunds	View Correspondence	Send Messages, Update Names & Addresses
Consumer Use	✓	✓		✓	✓	✓	✓
County Innkeeper's	✓	✓	✓	✓	✓	✓	✓
Food and Beverage	✓	✓	✓	✓	✓	✓	✓
Heavy Equipment Rental	✓	✓	✓	✓	✓	✓	✓
Motor Vehicle Rental	✓	✓	✓	✓	✓	✓	✓
Sales	✓	✓	✓	✓	✓	✓	✓
Tire Fee	✓	✓	✓	✓	✓	✓	✓
Utility Services Use	✓	✓	✓	✓	✓	✓	✓
Wireless Prepaid Cards	✓	✓	✓	✓	✓	✓	✓
Withholding	✓	✓	✓	✓	✓	✓	✓

New Features Existing Feature





FAST Project Director, Myles Larson meeting with project staff.

Development (Jan. – April 2020)

During the Development Phase, customer letters, reports and interfaces along with the main system functionality were built.

Train-the-Trainer (Feb. – May)

A total of 26 trainers built 21 unique courses for the Rollout 2 Training program. The breakdown included six trainers from the Project NextDOR team and 20 trainers representing their impacted business units. This group provided timely and high-quality training to approximately 525 DOR team members over six-to-seven weeks with an additional three weeks of practice lab time.

Rollout 2 after FY20

As FY20 came to an end, the work for Rollout 2 of Project NextDOR was just ramping up for the launch on Sept. 8, 2020. In August, the Project NextDOR team began hands-on user training for the teams to ensure they would be ready before going live. This included computer-based training for those that would be accessing ITS in their daily roles, job-specific courses that were custom-developed for users based on their business unit and on-site practice labs. The focus of this training was to provide staff with the confidence and tools necessary to perform their current day-to-day job functions within the new system on day one.

DOR also significantly increased the communications sent to affected customers, practitioners and interest groups in August and September. Several targeted communications were sent directly to impacted individuals to ensure they would be ready to migrate from INTax to INTIME after the launch of Rollout 2.

An INTIME User Guide was created to help users navigate through the new system and help troubleshoot any issues they may encounter. In addition, two separate migration guides, one for current INTax users and one for practitioners, were created to help with the INTax to INTIME transition. All guides, along with their video tutorials were made available at ProjectNextdor.dor.in.gov. A dedicated customer service line was also implemented for INTIME questions.

Project Success Continues

After another year of incredible work to build and test Rollout 2 functionality, perform detailed data cleanup and conversion, prepare all business operations and prepare the user community, Rollout 2 successfully launched on Sept. 8, 2020, on time and on budget.

Projects this large and complex are often not successful. Due to the incredible work by DOR and FAST teammates and support from Governor Holcomb, his administration and the General Assembly, this project is setting the example of how to successfully modernize systems, operations and service delivery. The enormous work and collaboration by many including the DOR Operations team, Project NextDOR team, FAST partners and customer partners, delivered wonderful success in FY20. It also set the stage for continued project success.



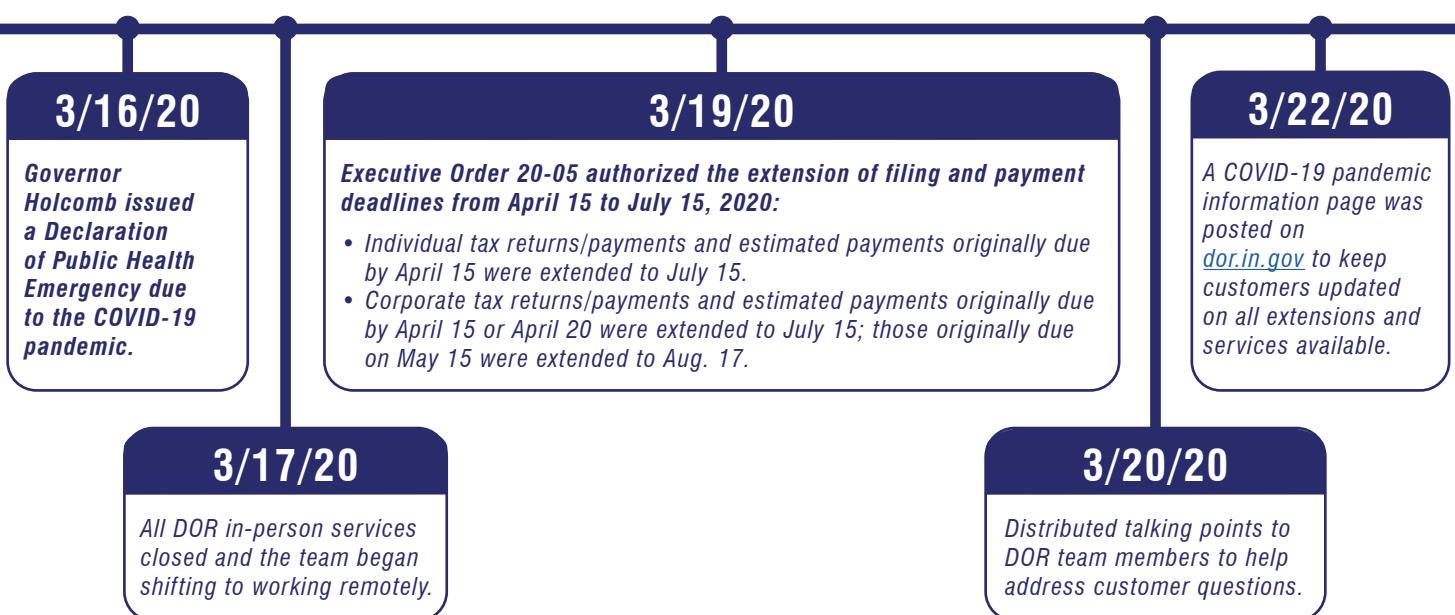
DOR'S RESPONSE TO THE COVID-19 PANDEMIC

In addition to operating all complex DOR operations, during the first half of every calendar year, the DOR team is focused on executing Individual Income Tax Season and assisting millions of Hoosiers with their returns and refunds. Like every organization, in mid-March, the world turned upside down as the team was presented with the many challenges associated with the COVID-19 pandemic.

The DOR team quickly took action to gather and assess expert information and industry best practices to drive actions. While partnering with other state agencies and closely following the guidance of Governor Holcomb and the Indiana State Department of Health, DOR focused on three things.

- First, was the safety of DOR's team members and customers. The DOR team quickly took action to close in-person services, transition as many jobs as possible to work efficiently from home settings and implement safety procedures for all job functions that were required to be completed on-site. Over the spring and early summer months, the team developed and implemented plans to safely open district offices for appointment in-person services and began bringing specific functions safely back to office settings. Team members also heavily utilized technology, modified work processes and leaned on DOR's core values to stay engaged and continue delivering high-quality services.
- Second, was doubling down on the agency's commitment to serve Indiana and the Hoosiers that count on the team. DOR was identified as an essential agency responsible for processing the Indiana's tax revenue and serving millions of Hoosiers and hundreds of thousands of businesses and corporations. These customers continued to need assistance during this unprecedented time, and DOR went to work to determine how to keep the agency firing on all cylinders, despite the challenges the COVID-19 pandemic introduced.
- Third, was finding ways to help Hoosiers through this unprecedented time – which DOR teammates did through ensuring continued agency operations (including return and refund processing), providing empathetic and high-quality customer service, swiftly implementing filing and payment extensions, proactively communicating to internal and external parties and developing a wide variety of filing, payment and processing relief efforts outlined in the agency's Helping Hoosiers program.

Thanks to a passionate "find a way" spirit, unwavering commitment to serve and the incredible work of the DOR team, agency performance throughout the COVID-19 pandemic has been nothing short of outstanding. Every organization will be changed by this pandemic. The DOR team is confident that team members will emerge stronger and ready to continue providing great government service to Hoosiers and all agency partners.



Helping Hoosiers

In March of 2020, with Governor Holcomb's authorization and the support of his administration, DOR launched the "Helping Hoosiers" initiative which outlined several taxpayer relief resources to support Hoosiers during the health emergency. The plan included extending several filing and payment deadlines, as well as:

- Suspended the creation of most tax filing bills, new warrants, liens and new sheriff and collection agency cases.
- Suspended outbound collection call activity to focus additional resources on assisting Hoosiers with payment support and other customer-care questions.
- Offered installment payment plan agreements up to 60 months.
- Suspended payment plan terminations for missed payments.
- Suspended all in-person field audit work. Instead worked collaboratively with all entities currently under audit through correspondence and teleconference.
- Modified desk audit record verification requirements (including Schedule C expense verification).
- Suspended all in-person protest hearings.
- Extended the legal protest and protest rehearing windows by an additional 60 days.
- Allowed the use of a valid/current federal Power of Attorney form in place of state's forms in certain circumstances.
- Eliminated all possible remaining requirements for wet signatures.
- Extended record submission on all pending hardship cases until July 31, 2020.
- Extended new hardship and offer-in-compromise case processing deadlines.
- Extended expiring Registered Retail Merchant Certificates (RRMC) to June 30, 2020.

#MaskUpHoosiers

In accordance with the *Back on Track Indiana* Plan, Governor Holcomb announced the #MaskUpHoosiers initiative on June 29. DOR jumped right on board to share information about the initiative with its customers and DOR teammates. Information was shared on social media and through internal emails. A video was also created showcasing DOR team members "masking up."



3/23/20

Governor Holcomb announced official stay-at-home order, which went into effect 3/24.

3/24-26/2020

DOR's IT team developed user guides & held informational sessions with staff on how to operate their laptops & desktops securely while working remotely.

3/31/20

Executive Order 20-02 authorized the extension of certain Motor Carrier permitting, registration and IFTA filing and payment requirements. (See page 32)

DOR announced the "Helping Hoosiers" COVID-19 pandemic relief services, listing all extensions, updates and services available during the pandemic in one easy-to-access location for customers and practitioners. (See above)

3/24-25/2020

DOR customer service team members were deployed to work remotely.

3/27/20

All DOR division continuity of operations plans were updated to quickly execute system, service and operations modifications as they develop.

4/3/20

Increased public awareness of reported tax scams related to the COVID-19 pandemic.

4/6/20

Announced tax relief to encourage the donation of medical supplies and other goods to help fight the COVID-19 pandemic:

- Manufacturers making donations of medicine, medical supplies and other eligible items will not incur a use tax obligation.
- Groups making donations of medicine, medical supplies or other goods will not incur a use tax obligation for the donations if sales tax was not paid when receiving the item.

Deployed 77 of MCS's 82 team members to work remotely and continue providing crucial services to other state agencies - such as INDOT and ISP - to help deliver medical supplies, issue permits and ensure Indiana's trucking industry kept moving.

4/17/20

Clarified business tax deadlines (sales, withholding, FAB, CIT, etc.) remained unchanged and helped businesses in need of payment plans.

5/11/20

Announced additional filing and payment extensions in concert with the IRS:

- Individual estimated payments originally due on June 15 extended to July 15.
- Deadline for filing a claim for refund of income tax set to expire between April 1 and July 14 extended to July 15.
- Corporate estimated payments due on April 20, May 20 or June 22 extended to July 15.
- Selected corporate tax returns due on May 15, June 15 or July 15 extended to August 17.

5/20/20

Launched an online application and phone scheduling process for customers to schedule in-person appointments.

From March 26 through June 30, customer service representatives received 113,922 calls with an average speed of answer of one minute, three seconds. The average speed of answer was greatly improved over the same time for the previous year due to more customer service representatives being assigned to phone operations due to the walk-in centers being closed. DOR's answer service performance (the percentage of incoming calls answered by live agents within 15 minutes) was 96% during this time period, well above DOR's overall annual service level goal of 80%.



From March 26 through June 30:

Calls Answered | 113,922

Average Answer Speed | 1 Minute 03 Seconds

DOR's Answer Service Performance | 96%



OFFICE SOCIAL DISTANCING



5/26/20

Opened all customer service center locations by appointment only (except the Indiana Government Center location).

- *Implemented safety guidelines recommended by the State Department of Health within all customer service centers.*
- *Implemented a customer entry process for each customer service location, including instructions on how customers enter the location/building to adhere to safety guidelines.*

6/15/20

Opened in-person customer service at the Indiana Government Center by appointment only.

When the fiscal year ended on June 30, all tax processing systems and processes continued to operate smoothly despite the many challenges the COVID-19 pandemic presented. DOR continues to remain committed to keeping all customers and team members safe while also providing best-in-class customer service to all Hoosiers.

During this time DOR team members worked diligently to keep the team engaged while working remotely. Team members celebrated 70 virtual spirit days, held the first virtual-only All Agency Meeting and continually shared tips for working remotely via InsideDOR, internal emails and video team meetings.

Safety Guidelines Implemented within Customer Service Centers on May 26, 2020:

- **Appointments were limited to one person/account per scheduled appointment.**
- **Hand sanitizer was available to both DOR team members and customers.**
- **Glass or plastic partitions were installed at all customer service terminals.**
- **Masks were recommended for customers and required for DOR teammates.**
- **Counters and high-touch points were sanitized between appointments.**
- **Signage was posted asking customers to self-assess their health prior to their appointment.**



"From the bottom of my heart I want to thank the Department for the actions it has taken in response to the COVID-19 pandemic this year. Not only did you follow what the IRS was doing, in certain instances, you led. You went either faster than the IRS or went above and beyond what they did."

**- Advisory Council Member Patrick Thomas,
Notre Dame Tax Clinic**

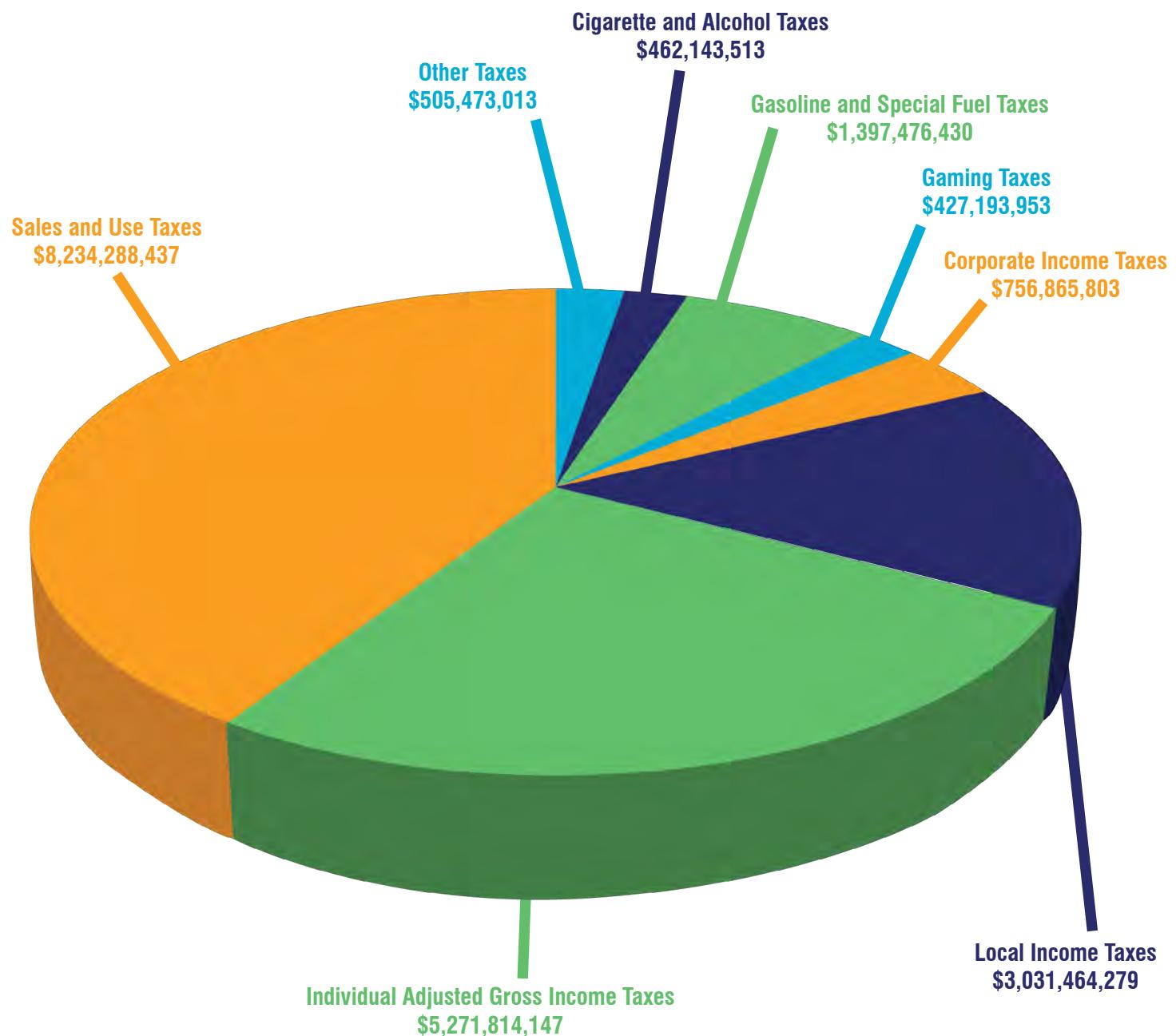


DOR #INTHISTOGETHER SPIRIT DAYS



SUMMARY OF FY20 TAX RECEIPTS

DOR collected **\$20,086,719,574** for more than 65 active tax types in FY20.



Detailed Indiana Tax Receipt tables can be found on pages 47-48.

FY20 PROCESSING AND CUSTOMER SERVICE STATS

Individual Income Tax Returns Processed **3,217,952**
Individual Income Tax Refunds Issued **2,167,178**
Corporate Tax Returns Processed **280,138**
Payments Processed **4,237,228**
Total Customer Calls **658,955**
Walk-in Customers Served **44,239**
Customer Emails Processed **42,373**
Correspondence Processed **68,617**

Amount of Gross Collections **\$21,223,160,148**
Amount of Refunds **-\$1,136,440,575**
Amount of Net Collections **\$20,086,719,574**
Amount of Customer Retained
Collection Allowances **\$29,196,570**
Amount of Administrative Costs **\$71,070,702**
Amount of Delinquencies Collected **\$327,650,085**

Number of Taxpayers **4,687,957**
Individual **4,405,454**
Corporate **282,503**

*Note: Certain FY20 filing and payment deadlines were extended into FY21 due to the COVID-19 pandemic.
All data shown here is through June 30, 2020.*

INDIVIDUAL INCOME REFUND STATS

Includes all returns generating a refund



Individual Income Tax Refunds
2,167,178

Average Refund Amount
\$339



Total Number E-filed Returns
Generating a Refund
1,853,464

Percent E-filed
91%
Percent Processed within 14 Days
92%
Average Time to Process
11 calendar days



Total Number Paper-filed Returns
Generating a Refund
186,087

Percent Paper-filed
9%
Percent Processed within 30 Days
65%
Percent Processed within 60 Days
95%
Average Time to Process
31 calendar days



103,341
INfreefile Users
17% increase from FY19

Note: Certain FY20 filing and payment deadlines were extended into FY21 due to the COVID-19 pandemic. All data shown here is through June 30, 2020.

CUSTOMER ASSISTANCE REPORT

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

DISTRICT OFFICE	WALK-INS	CALLS/EMAILS	TOTALS
BLOOMINGTON	2,114	3,373	5,487
CLARKSVILLE	5,977	13,654	19,631
COLUMBUS	2,399	4,284	6,683
EVANSVILLE	1,918	5,035	6,953
FORT WAYNE	2,777	7,387	10,164
INDIANAPOLIS	14,739	714,249	728,988
KOKOMO	2,262	9,950	12,212
LAFAYETTE	1,435	8,720	10,155
MERRILLVILLE	3,956	7,731	11,687
MUNCIE	1,875	5,099	6,974
SOUTH BEND	3,274	6,896	10,170
TERRE HAUTE	1,513	5,144	6,657
TOTAL	44,239	791,522	835,761

Note: On March 17, all DOR walk-in facilities were closed due to the COVID-19 pandemic. Beginning on May 26, the walk-in facilities were reopened for appointment only and remained appointment only through the end of FY20. Certain FY20 filing and payment deadlines were extended into FY21 due to the COVID-19 pandemic. All data shown here is through June 30, 2020.

DOR DISTRICT OFFICES

Open 8 a.m. to 4:30 p.m. local time, Monday through Friday.



Bloomington Office

1531 S. Curry Pike
Bloomington, IN 47403
(812) 339-1119



Lafayette Office

100 Executive Dr.
Lafayette, IN 47905
(765) 448-6626



Clarksville Office

1200 Madison St.
Clarksville, IN 47131
(812) 282-7729



Merrillville Office

1411 E. 85th Ave.
Merrillville, IN 4641
(219) 769-4267



Columbus Office

3520 Two Mile House Rd.
Columbus, IN 47201
(812) 376-3049



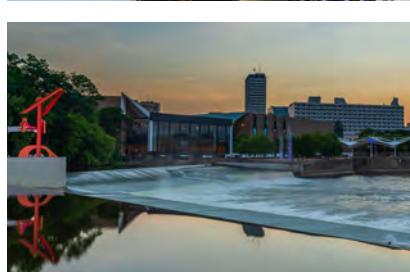
Muncie Office

3640 N. Briarwood Ln.
Muncie, IN 47304
(765) 289-6196



Evansville Office

500 S. Green River Rd.
Evansville, IN 47715
(812) 479-9261



South Bend Office

105 E. Jefferson Blvd.
South Bend, IN 46601
(574) 291-8270



Fort Wayne Office

7230 Engle Rd.
Fort Wayne, IN 46804
(260) 436-5663



Terre Haute Office

30 N. 8th St.
Terre Haute, IN 47807
(812) 235-6046



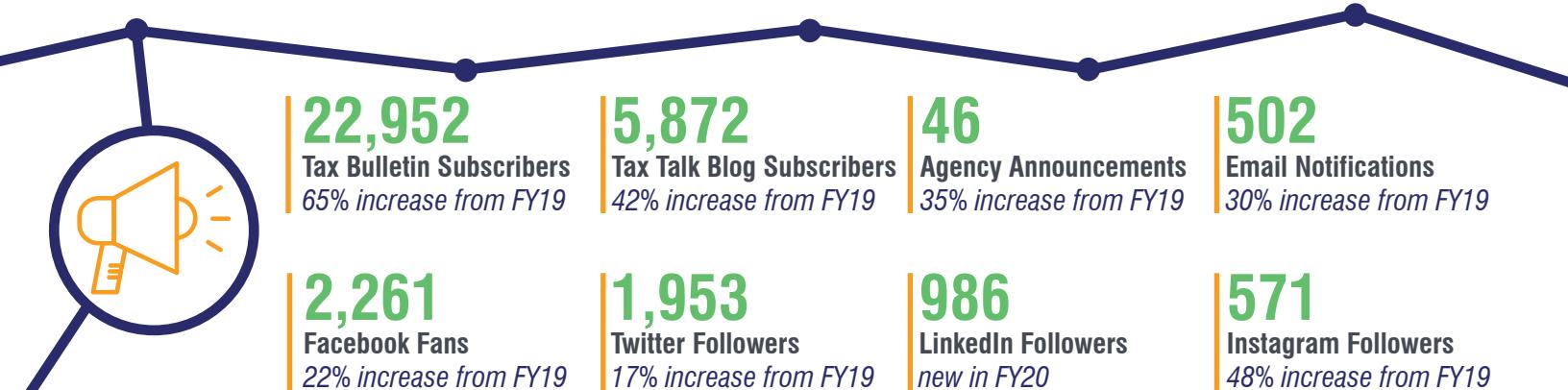
Kokomo Office

124 W. Superior St.
Kokomo, IN 46901
(765) 457-0525



COMMUNICATIONS

The Communications Division includes several teams working together to support the agency and connect with DOR's various customers to effectively and efficiently communicate agency information and updates. The external communications team manages media inquiries, social media, creating and distributing agency announcements, blogs and all other external communications. The internal team works to continuously find ways to engage the DOR team through various events, activities and communications. The Communications team was awarded an FTA award in FY20 for the redesign of the internal website, DORway. Both the external and internal teams work closely with the creative team to find new, innovative ways to effectively present information and connect with audiences through external and internal websites and designing graphics and videos. The forms team works with DOR staff across the agency to keep all state forms compliant with state and federal laws.



Business Education Outreach Program



To reach more Indiana taxpayers and help them with their Indiana tax responsibilities, the Business Education Outreach Program expanded by leaps and bounds during FY20 including adding a dedicated team member to manage the program. By adding a new team member, new connections were established with several stakeholder organizations including the business community, tax practitioners and utility providers. The DOR team gave 33 in-person presentations and connected with tax practitioners at several events through the program. In the midst of the COVID-19 pandemic, the team quickly adapted by creating webinar presentations and workshops for the safety and convenience of DOR's customers. These efforts allowed

DOR to directly connect and engage with hundreds of customers, giving the team a chance to build meaningful and positive relationships, and helping them stay compliant with Indiana tax laws.

Annual Public Hearing

In accordance with Indiana statute and the Indiana Taxpayer Bill of Rights, the DOR annual public hearing was held on June 26. As a result of the COVID-19 pandemic, interested attendees were given the option to attend in-person or watch online.

During the hearing, Commissioner Grennes provided a quick overview of FY20 and the 2020 Individual Income Tax Season in addition to the agency response to the COVID-19 pandemic. Chief Information Officer Kevin Gulley provided attendees with updates regarding the agency's five-year modernization effort, Project NextDOR.

Representatives from the Indiana CPA Society and Notre Dame Tax Clinic attended in-person to speak during the hearing, and more than 200 viewers tuned in online. The complete report and recording are available at dor.in.gov by clicking "Legal Resources" and then "Tax Library."

FINANCE

The Finance Division upholds DOR's fiduciary responsibility to accurately report collections, administer DOR's budget and ensure collected revenue is appropriately distributed to serve all Hoosiers. This team works collaboratively with DOR team members and many Indiana state agencies to skillfully handle the many facets of Indiana's tax revenue operations. Major projects in FY20 included improvements to managing DOR's capital assets, documenting processes and reducing DOR's budget.

Fixed Asset Policy

To more effectively account for and manage DOR's assets, the Finance team developed and implemented a new Fixed Asset Policy. The policy was designed to increase divisional ownership of assets, as well as track and reconcile asset transactions each month. It involves several key improvements including creating and defining specific roles in each division that are responsible for providing oversight and ownership of fixed assets, serving as a liaison between their division and the Finance team and conducting monthly reconciliations of assets. This new policy introduced key improvements and provided a clear understanding of each division's responsibilities to better account for and manage DOR's fixed assets.

ITS General Ledger System

Working closely with the Project NextDOR team, the Finance team completed the configuration of the Indiana Tax System (ITS) general ledger—or record-keeping system—for Rollout 2. Due to the complex nature of the taxes in Rollout 2, the need for a more robust general ledger system to deliver on compliance, accountability and transparency was critical to the project's success. As a result, the team was able to design significant improvements including how DOR administers food and beverage and county innkeeper's taxes. The Finance team was able to configure the general ledger to capture, record and report financial information at the township and local level, which will improve compliance analysis and service delivery. Overall, the enhanced ledger system will allow the DOR team to do more and better serve customers with Project NextDOR's Rollout 2 launch in September 2020.

Internal Control Framework Project

An internal control system is essential to an organization to achieve its strategic, operational, compliance and reporting goals. Most importantly, an effective internal control system is necessary to mitigate the risk of fraud and misappropriation of assets. The Finance team launched a new initiative in FY20 to partner with different DOR divisions to document procedures, process flows and controls in a standardized way. This will serve as a resource for DOR team members, the State Board of Accounts and other organizations interested in learning about the execution of DOR's processes. During FY20, the Internal Control Framework (ICF) project team conducted 38 interviews involving 23 functional area personnel—working with the Taxpayer Advocate Office, Payables & Contract Management team, Legal Services and Audit Compliance and Support.



The COVID-19 Pandemic Budget Impact

Despite the state's strong balance sheet, the public safety COVID-19 pandemic actions taken had a major impact on Indiana's finances. In response to the resulting reduction in tax revenues, leadership at the State Budget Agency and the Office of Management and Budget issued financial directives requesting agencies eliminate all non-essential spending and create a strategic plan to reduce their FY21 budgets by 15%. What does such a budget cut mean for DOR? In FY20, DOR's required spending reduction was 2%. A budget cut of 15% required an additional \$11.8 million reduction for FY21. Thanks to outstanding collaboration and teamwork across the agency, the DOR team developed and submitted aggressive cost reduction plans to more than double the spending reduction for FY20 and meet the increased budget reduction of 15% for FY21. While development of these plans is excellent news, this story has not reached its conclusion. It is one that the DOR team will have to diligently execute and write together in FY21 and beyond as the team perseveres through the COVID-19 pandemic challenge to support the agency's mission, vision and purpose. DOR is confident the team will succeed in this endeavor due to the cooperative spirit that exists in the agency.



Reduced FY20 | **2%**
Budget By

Reduce FY21 | **15%**
Budget By

Reduce FY21 | **\$11.8M**
Spending By

INFORMATION TECHNOLOGY DIVISION

The Information Technology Division (ITD) includes experts in security, software development, information management and operations support. This team wears many hats from providing DOR team members with award-winning security and privacy training, to engineering each rollout of Project NextDOR. This year, the Security team completed its three-year effort to help 17 individual tax e-filing companies achieve compliance with DOR security requirements. When the initiative began, individual e-filing product vendors were practicing security in several different, non-optimal ways. By helping vendors comply with DOR security standards, this work not only increased security for Hoosier taxpayers, but for all taxpayers nationwide. DOR's partners have since reported a significant reduction of breaches to tax filing software and fewer fraudulent tax returns. While the project culminated in late 2019, DOR will continue to offer guidance and assistance to companies to ensure their products remain secure. In FY20, the Software Development team made great strides in several areas, especially working with DOR's Motor Carrier Services (MCS) Department, which is modernizing its International Registration Plan (IRP) system. ITD staff worked with the MCS team to modernize the underlying application's code, create new dashboards, add functionality and error handling of file uploads and update the MCS website. These efforts have improved customers' ability to view fleets and registration activities online, simplified large fleet maintenance, strengthened online payment security and streamlined refund processing.



Technical Challenges of the COVID-19 Pandemic

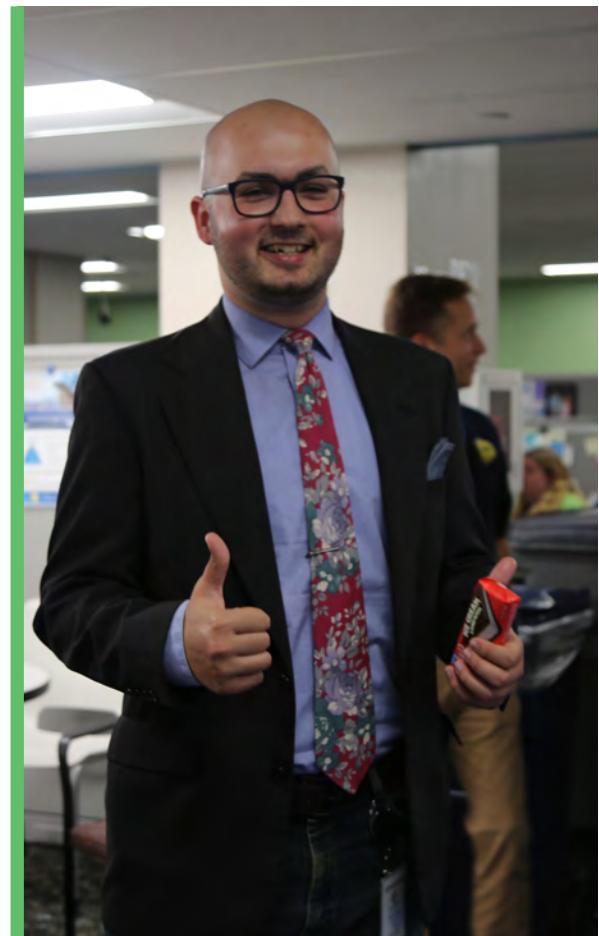
ITD was vital to DOR's successful response to the COVID-19 pandemic. In mid-March, DOR's Security team worked with agency leadership to complete an assessment of DOR's mission-essential functions. Based on these findings, in just two days the team developed instructions and technical support allowing more than 300 teammates with laptops to securely connect to the state network and perform their duties efficiently, securely and safely from home. The Security team then worked with the ITD Technical Operations Support team to develop processes and instructions to enable DOR desktop users to also work remotely. In just a few days, they effectively prepared, equipped and out-processed 157 additional DOR teammates. Team member safety was just one piece of the puzzle. ITD also made sure DOR's systems remained operational and could securely and effectively handle the extended tax deadlines along with other changes required to support customers. This involved modifying all customer-facing systems to match new filing deadlines and inform customers of all changes, as well as applying extensions to the billing and collections process and suspending certain collections processes. The team collaboratively worked beyond DOR to assist the state through the COVID-19 pandemic, including the creation of a data set that helped generate a random Hoosier sampling used in the state's virus testing effort and a business filing report the IRS used to estimate the national economic impact. By not only keeping DOR operational but also assisting state and national partners, the agency demonstrated its commitment to serving Indiana, fellow agencies and all of the Hoosiers that count on DOR.

INSPECTOR GENERAL

Compliance and Ethics

DOR's Compliance and Ethics team performs the critical functions of ensuring that the DOR team upholds the highest ethical standards and also educates them on laws, policies and regulations. This team works collaboratively with all divisions throughout DOR to identify compliance issues and improvement opportunities. They also work alongside the Taxpayer Advocate Office to research all reported customer issues. The team assists with improvement actions, provides guidance and works with DOR business units to ensure critical matters are appropriately resolved. This team plays a key role in ensuring DOR remains compliant with the IRS's Federal Tax Information (FTI) safeguard standards. Protecting FTI keeps customers' personal, financial and business information safe. It is a responsibility DOR team members take very seriously and is one of the most fundamental and important ways the team serves Hoosiers.

Supporting and Educating team members – The Compliance and Ethics team manages DOR's compliance and ethics anonymous hotline, providing a safe and effective method for any concerns to be reported, investigated and addressed. They also engage with team members throughout DOR to make connections, build trust and show how everyone can contribute to strengthening DOR's core value of integrity. These outreach activities in FY20 included educating new team members in the DORientation program, publishing a monthly InsideDOR newsletter column and issuing advice to over 40 DOR teammates on ethics questions.



Investigations

Throughout FY20, DOR's Investigations team identified, researched and investigated a variety of cases related to the potential violation of Indiana tax laws. This resulted in case-work with local law enforcement agencies and prosecutors on a variety of criminal tax investigations. The most notable case in FY20 involved a Fort Wayne car dealership owner pleading guilty to four felony counts of Failure to Remit Sales Tax held in trust. As a result of DOR's collaboration with the Indiana Secretary of State and Marion County Prosecutor's office, the owner was ordered to pay \$536,448 in restitution to DOR.

Internal Audit

The Internal Audit team plays a key role in helping DOR leadership identify and address system and operations control, compliance and service improvements. This work includes an annual audit to review DOR's internal control systems in accordance with state statute. In collaboration with DOR leadership, the Internal Audit team develops and executes an annual audit plan based on risk assessments. Detailed audit field-work is completed, gaps and improvements identified and improvement work is managed to ensure key findings are addressed.

Taxpayer Advocate Office

The Taxpayer Advocate Office (TAO) is a DOR function required by Indiana statute and plays a key role in DOR serving Hoosiers. This team's work embodies DOR's core value of service every day with their dedication to helping Hoosiers with complex tax issues, supporting customers and resolving problems that haven't been settled through other DOR programs. In FY20, in addition to serving thousands of Hoosiers, TAO made major improvements to the Offer in Compromise (OIC) program, which gives customers in special circumstances the chance to resolve debts by paying a reduced amount. DOR's OIC application now corresponds with the federal OIC form—helping simplify the process for customers seeking an OIC at both the federal and state levels. TAO also assists incarcerated individuals by providing relief from penalties and interest accrued while serving within a state or county facility. Beginning in FY20, DOR's TAO team implemented enhancements to waive certain penalties and interest for individuals who have been incarcerated for at least 180 days. For those who are currently incarcerated, TAO works with their appointed Power of Attorney to assist with tax collection issues. These enhanced TAO services were enacted by the Indiana General Assembly allowing TAO to help customers stay compliant with their tax obligations, no matter their circumstances.



129
Reports of
Potential Tax
Fraud Reviewed

48
Notices Posted
on Delinquent
Businesses

44
Investigative
Cases Opened

Requests for Information

179
Received

169
Completed



LEGAL

The Legal Division supports DOR by providing a variety of legal services. This team collaborates with many areas within DOR, tax practitioners and taxpayers to uphold the state's tax laws in a professional and collegial manner. The Legal Division has several main functions including:

- Protest Review - this team is responsible for overall vetting and operational management of taxpayer protests, document management and final implementation of resolutions.
- Appeals - this team performs protest case research, conducts hearings and makes final protest determinations based on the legal arguments presented and tax law. They also resolve protests through negotiated settlements.
- Litigation - this team protects DOR's interests in state and federal courts via the management of all tax case litigation in conjunction with the Office of the Indiana Attorney General.
- Legal Services - this team responds to public records requests, negotiates and reviews contracts and inter-agency agreements, and resolves outstanding inheritance tax matters. Legal Services also advises DOR divisions and leadership on legal matters, including DOR's Motor Carrier Services Department on a host of issues impacting Indiana's roads.



In FY20, the Legal Division was reorganized in order to improve efficiencies and functions to better serve DOR and Indiana taxpayers. This team also spent considerable time preparing for Rollout 2 of Project NextDOR, by rebuilding the legacy appeals database to prepare for conversion. During the COVID-19 pandemic, the Legal Division quickly and deftly responded—holding virtual appeals hearings, and continuing to issue final determinations, negotiate settlements, manage contracts and handle all public records requests timely and efficiently.



FY20 Protests

884 | New Protests Filed

903 | Protests Closed

Of the 903 Closed Protests:

359 | Resolved with Written Final Determinations

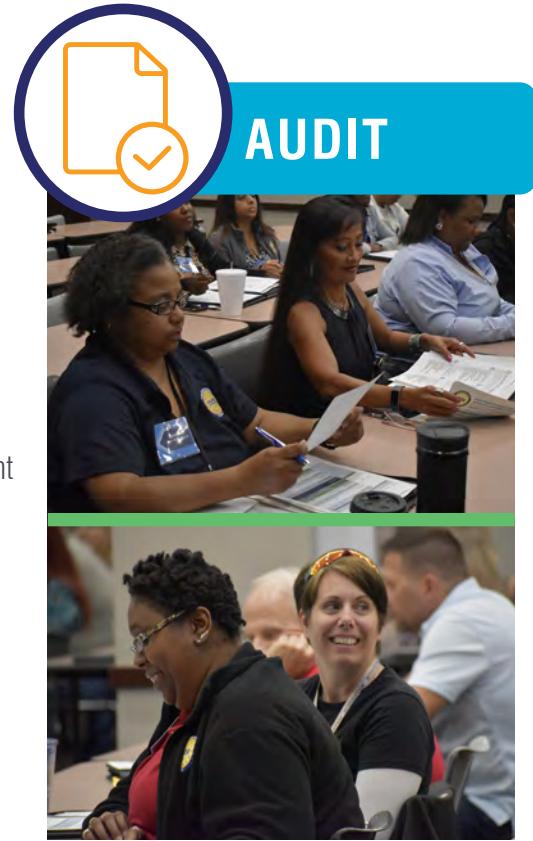
544 | Administratively Resolved or Procedurally Dismissed for Not Being Filed Timely

OPERATIONS

Audit Compliance and Support

The Audit Compliance and Support team works collaboratively throughout the agency to improve compliance and audit quality. Whether it's submitting legislative proposals to the Policy team, developing and operating compliance projects, serving as experts on legal cases, assisting with special projects or supporting field auditors, this team continues to embrace and live DOR's core values daily. During FY20, Audit Compliance and Support successfully transitioned to the Indiana Tax System (ITS) in Rollout 1, incorporating all corporate returns and transitioning all existing audit cases into the new system. Audit trainers also advanced team development efforts by designing and conducting the second Annual Audit Conference, creating an expanded internal audit manual and delivering 20 newly created training sessions. All of these efforts drove important improvements in process and performance. FY20 highlights include:

- DOR's Fraud team helped maintain the agency's status as a national leader in fraud and identity theft protection. They attained this by skillfully managing the high-volume fraud program to stop ID theft and fraud attempts, improving workflow management and correspondence to improve program results and customer service, as well as renegotiating vendor contracts to reduce costs.
- A new Business Tax Compliance team was developed from the ground up to focus resources on complex business tax compliance matters, such as food and beverage tax, marketplace facilitators and WH-3 filing.
- The Audit Quality Assurance team re-engineered its operation to improve transparency and consistency, resulting in higher quality and more consistent audits.



Audit Operations

The Audit Operations team stretches across the nation to serve a wide variety of customers by conducting high-quality, consistent and efficient audits, all focused on increasing compliance, education and understanding. Beyond individual and business audits, this group also works in several important and complex tax areas. A FY20 highlight includes significant success in the area of Transfer Pricing. The Transfer Pricing team collaborated with 13 states to improve compliance, increase tax revenues and develop the specialized audit process for this complex area of tax law. Additionally, through DOR's cigarette tax audit program, the Special Tax Audit team collaborated extensively with external stakeholders and distributors to improve compliance under the multi-billion-dollar Master Settlement Agreement (MSA). This approach increased DOR's diligent enforcement and compliance with the MSA and better educates Indiana's cigarette distributor customers.

FY20 was also a busy year for the Motor Carrier Services Audit team, which conducts audits for the International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP). This team helps motor carrier companies efficiently operate in Indiana and stay compliant with their very specialized tax responsibilities. This team's work also ensures Indiana receives its share of registration fees and motor carrier fuel use taxes for motor carrier activity conducted in Indiana. Embracing DOR's core value of continuous improvement, in FY20 this team contributed to DOR's IRP Modernization project through improved service and process development, development of new customer interaction channels, conducting of system user acceptance testing and developing training materials for end-users. This skilled team also helps other jurisdictions with continuous improvement as well. At the International IFTA/IRP Audit Workshop, the MCS Audit team played a central role by leading presentations for over 200 attendees. The team also participated in an IRP peer review, where once again, Indiana was found to be in compliance with all quality and function standards, as well as meeting fleet audit requirements.

Business Systems Support

Business Systems Support consists of several teams that provide DOR with process analysis, project management, operational improvement and employee development services. With the goal of improving organizational capability and performance, this team takes DOR's already strong programs, services and people, and finds ways to make them even better.

Business Analysis and Continuous Improvement

During FY20, this team assisted in the implementation of several impactful systems, operations and service improvements. Examples include new legislation support, improved business information change processes and call routing voice response re-engineering.

- After 2019's legislative session resulted in new rules for marketplace facilitators and a new peer-to-peer vehicle sharing tax, the BSS team established internal procedures allowing DOR to effectively work with these unique customers to collect and remit these new taxes. To better communicate with customers, the team developed several payment information flyers that resulted in a significant increase in customers utilizing DOR's online payment portals.
- A new form was developed for business customers allowing them to effectively communicate important account information changes to DOR. These enhancements improved the acceptance rate of these forms from 50% to over 90%, leading to more satisfied business customers.
- With the goals of simplifying DOR's phone system, improving service and gathering data to better understand why customers call DOR, the team is identifying and implementing improvements to DOR's phone system, using service and system data metrics.

BUSINESS SYSTEMS SUPPORT



Organizational Development and Training

The Organizational Development and Training team is dedicated to improving the performance of DOR leaders, team members and business units. In FY20, this team implemented a new onboarding program to integrate new team members into DOR culture and set them up for long-term success. Known as DORientation, this full-day session gives new teammates the chance to meet executive staff and team members as well as learn about DOR's organization, culture, mission, vision, purpose and core values. Existing DOR team members are also reaping the benefits of DOR's leadership development program, LE@DOR. In FY20, the program was expanded to include both supervisors and team leads resulting in leadership and skill development for 21 LE@DOR graduates. Additionally, the Organizational Development and Training team partnered with teams across the agency to develop an online training program for DOR Security and Privacy Awareness—100% of the DOR team completed the training, which received a 2020 Federation of Tax Administrators (FTA) Award for its outstanding quality and effectiveness.

4,255

LinkedIn Learning Courses Completed by DOR Team Members in FY20
364% increase from FY19

Spotlight on Employee Training Improvements

DOR has made great strides throughout the agency in improving employee training efforts through the improvement of job-specific functional training and initiatives to support key business projects and organizational development.

Examples include:

- The Returns Processing Operations team developed an integrated self-led tutorial allowing DOR team members to quickly learn job basics.
- Audit Operations launched a mentorship program to connect new auditors across the state.
- Customer Service implemented an electronic training manual that transitions to an on-the-job resource.
- MCS implemented a new training program reducing the time needed for new teammates to effectively and confidently begin serving customers.

Project Management

The Project Management (PM) team supports the entire agency by developing and managing high-impact projects. Key successes in FY20 included the following:

- The implementation of the first major release of the IRP Modernization effort for the Motor Carrier Services Department—a multi-year project to replace an outdated system with a single, modernized application to better serve customers and increase operational efficiency.
- Support of DOR's response to the COVID-19 pandemic by helping to deploy customer service representatives to work remotely, coordinating the logistics of walk-in appointments, managing the effort to move tax return and filing dates, modifying existing payment plan rules and managing the halt and restart of billing and staging of accounts.
- Management of multiple projects to support the agency's annual updates, legislative changes, Project NextDOR account cleanup and data purification.

Customer Service

Providing best-in-class customer service is at the core of DOR's mission and vision, and the Customer Service teams lead the way by striving to provide a great experience to customers with every interaction. Through phone, email, correspondence, online transactions or in-person assistance across all 12 of the agency's district offices, DOR's customer service specialists offer great government service at a great benefit to customers.



Safe Customer Service During the COVID-19 Pandemic

While the COVID-19 pandemic changed how services were performed, the quality of work never wavered. In less than two weeks after the stay-at-home orders were issued, safety and security procedures were developed to deploy over 90% of the DOR Customer Service Team to work remotely. All the while, service levels remained steady. In fact, throughout the spring and early summer, the team exceeded monthly performance level targets in phone and correspondence service delivery. Customer feedback on service quality was also positive as the team received excellent feedback from customers, including achieving a record number of 100% customer satisfaction surveys for April 2020, with more than 1,400 perfect call quality scores.

Employee Engagement and Commitment to Excellence

The Customer Service team has worked hard to create a customer-centric culture by motivating the team to go above and beyond in serving customers, and the team loves to celebrate when positive customer feedback is received. This year several well-received team awards were developed including the "Wall of Fame," "Perfect Quality" and "Perfect Customer Satisfaction Survey" recognitions. Celebrating the delivery of great customer service is a key part of DOR's culture, and it showed in the results of the 2020 employee engagement survey. This survey showed the team felt well-informed, encouraged to share new ideas and were more excited about the agency's direction than ever before.



Walk-In Customer Satisfaction Surveys

925 Surveys Completed

99.6% Overall Satisfaction

Phone Customer Satisfaction Surveys

7,889 Surveys Completed

86.5% Overall Satisfaction

Motor Carrier Services (MCS)

Motor carriers throughout North America choose the high-quality services of DOR's Motor Carrier Services (MCS) Department to help them navigate registrations, taxes and permits in the complex world of trucking. The MCS team provides best-in-class service to over 20% of the nation's IRP fleet vehicles on the road today, including fleets for many of the nation's top trucking and logistics companies. MCS customers include trucking and logistics companies of all sizes ranging from sole proprietors operating only within Indiana to large corporations such as Penske, UPS and FedEx. In FY20, MCS made several customer-focused improvements, including:

- Combined the IRP and IFTA teams and cross-trained team members providing faster one-stop customer service.
- Developed a team service approach, reducing dependency on specific team members allowing customers to be served by the next available representative rather than waiting for the availability of a specific team member.
- Created a more efficient system to store and access documents allowing customer service representatives to quickly access the information needed to assist customers.
- Provided proactive email reminders to IRP and IFTA customers encouraging timely online registration renewals.
- Created a quarterly newsletter, Motor Carrier Connect, to communicate updates and notices. Motor Carrier Connect debuted in November 2019 and currently has more than 37,000 subscribers.

During FY20 MCS also completed the first four releases for an IRP system modernization initiative to improve customer service, increase security during transactions, elevate the data validation process and implement faster processing solutions. As a result:

- The number of online transactions customers can perform was expanded.
- The new system allows more customers to use bulk uploading rather than manual entry for faster processing and increased accuracy.
- The system helps find potential errors faster and allows customers to fix them immediately rather than wait on an analyst to review the data.
- Analysts can focus more time to troubleshoot accounts and provide faster assistance to those customers needing help.

MOTOR CARRIER SERVICES



MCS SERVICES:

- **Base-Plate Registration (BPR)**
- **Insurance and Safety Programs (USDOT and UCR)**
- **International Fuel Tax Agreement (IFTA)**
- **International Registration Plan (IRP)**
- **Motor Carrier Fuel Tax (MCFT)**
- **Oversize/Overweight Permitting (OSOW)**
- **Plating**
- **Specialized Permitting**
- **Titles**

"Working with the Motor Carrier Services (MCS) Department of Indiana Department of Revenue is a great reminder of why Indiana leads the nation in commercial vehicle registrations. Centered around their "one stop shop" philosophy, the MCS employees regularly set the standard for first class efficiency and customer service. Motor carriers within our association as well as from across the nation regularly share the positive experiences from their interactions with MCS. There are a lot of moving parts and a lot of opportunities for unexpected challenges and the MCS employees pride themselves in managing those situations in a way that is seamless to the customer."

- Gary Langston, President, Indiana Motor Truck Association (IMTA)

Oversize/Overweight Permitting

The MCS Oversize/Overweight (OSOW) team works tirelessly to help specialty carriers move large and complex material. One of many FY20 successes for this team included the coordination of over 200 separate “superloads” with the Indiana Department of Transportation and the Indiana State Police for a massive wind farm in Redkey, IN. The wind turbine blades were over 200 feet long—nearly four times the length needed for an OSOW permit. The OSOW team examined maps, pictures and engineering schematics to develop routes and double-check measurements. Any error could inadvertently cause major damage to a bridge, a load or both. The team developed and implemented a successful plan for this project and keep Indiana’s highways safe and protected.

“Our MCS OSOW team is considered by many carriers and permitting companies to be among the best in the country. They continue to perform at an optimal level, even in the face of substantial road restrictions and high demand. The team provides ‘best-in-class’ customer service to our motor carrier partners every day.”

- Jay Erickson, OSOW Manager

The COVID-19 Pandemic: How did MCS Respond?

During an emergency, some services just cannot stop regardless of the situation—one of those is motor carrier traffic on roadways. During the COVID-19 pandemic, ventilators, masks and other hospital supplies, as well as food and necessities all Hoosiers consume, needed to get to their destination. The MCS team refused to put on the brakes regardless of the challenges they were facing because, after all, Indiana is the Crossroads of America!

All but five of MCS’s 85 team members were quickly transitioned from their office setting to working remotely ensuring everyone remained safe, keep operations running and minimize customer service interruptions. Within two weeks MCS was back to operating at normal volume and speed, excluding the walk-in area, which was temporarily closed for the safety of the team and customers. The MCS customer service team designed creative ways to work with customers online and over the phone, walking customers through online transactions keeping everyone safe, keeping business flowing and saving customers the time and costs involved in driving to MCS for assistance.

When the COVID-19 pandemic relief IRP and BPR late fee waivers were announced in March, the MCS ITD team quickly updated the MCS online transaction system implementing the waivers and continuing to meet the needs of MCS customers.

As part of DOR’s COVID-19 pandemic relief efforts, MCS collaborated with the Governor’s Office, International Fuel Tax Association Inc. and International Registration Plan Inc. to extend and waive penalties for some transactions under the authorization of various executive orders issued by Governor Holcomb, including Executive Orders 20-05 and 20-31:

- Indiana-issued IRPs and BPRs annual registrations due on or after March 31 were extended to June 30, 2020.
- Indiana-based IFTA licensees that file quarterly motor carrier fuel tax returns were permitted to delay the first quarter’s return (ordinarily due April 30, 2020), to May 31, 2020.
- DOR waived requirements to display or possess IFTA credentials to May 31, 2020.



1,097,957

IRP Vehicles Registered

34,308

BPR Vehicles Registered

379,523

OSOW Permits Issued

123,262

IRP/BPR Transactions

\$851,986,531

Collected from
IRP/BPR/OSOW

\$220,670,029

Collected from IRP/BPR/
OSOW by MCS for Indiana

Return Processing Operations (RPO)

The RPO team had another successful year processing millions of returns, payments, pieces of correspondence and refunds. They also led DOR as one of the first groups to begin using the new Indiana Tax System (ITS) as part of Rollout 1 of Project NextDOR, which modified all corporate return processing operations and introduced new services, including allowing corporate customers to file Form IT-20 online through the Modernized e-file (MeF) gateway. New system improvements allowed the RPO Corporate Tax team to process returns, correspondence and payments faster and more efficiently – all resulting in higher quality and improved service. The RPO team also embraced the spirit of modernization with a number of equipment upgrades allowing the team to scan and digitize paper correspondence faster, supporting correspondence processing service improvements.

While many jobs across the agency were able to shift to remote work because of the COVID-19 pandemic (including some in RPO), due to the nature of the work performed, much of the RPO team had to find ways to safely and efficiently continue performing operations onsite from DOR facilities. With a commitment to keeping DOR systems and operations running, this team did not miss a beat ensuring that DOR was able to continue serving Hoosiers. Service levels were at all-time highs, payments were processed swiftly, and maybe most importantly, tax refunds were processed in record-setting time.

Special Tax Operations

The Special Tax team worked diligently throughout FY20, running operations, serving customers and implementing changes to fuel rates and subsequent inventory tax return processing as a result of previous legislation requiring rate change evaluations to take place each year. This work included processing 2,700 returns and payments for retailers that were required to report and pay floor stock tax (the difference in fuel resale rates prior to and after rate changes). While updating the appropriate forms to account for these changes, the Special Tax team kept affected customers well informed through targeted communications. Additionally, with the launch of Project NextDOR's Rollout 1, the Special Tax team began to use the Indiana Tax System (ITS) to serve aircraft customers—including reviewing, gathering additional information and processing account changes submitted online.

How did the COVID-19 pandemic affect this team? Due to the dedicated work by the entire Special Tax team, all operations and services continued to operate efficiently during the pandemic. While some tax types experienced lower collections, taxes like alcohol and tobacco increased in volume—a change the Special Tax team responded to quickly and efficiently.

Tax Liability Management

The Tax Liability Management team provides oversight and management of all of DOR's billing and collection processes, including the accounts receivable portfolio (outstanding tax liabilities owed to the State of Indiana). This team led several improvements in FY20 and played a key role in DOR's response to the COVID-19 pandemic.

DOR's dedication to continuous improvement and superior customer service led to a new partnership with United Collection Bureau (UCB). In December 2018, DOR embarked upon an extensive procurement process to identify and select the best partner to provide high-quality debt collection services. UCB was awarded the contract due to its alignment with DOR's customer service philosophy, history of strong performance with clients, industry best practice security protocols and significant Indiana operating presence. In January 2020, the process of transitioning active liabilities to UCB began through a phased approach. Experts from all across DOR assisted with the development and implementation of the conversion to reduce risk and make the transition a smooth one, especially in light of Project NextDOR.

Before pausing the transition in March to assist taxpayers impacted by the COVID-19 pandemic, DOR's Tax Liability Management team transferred approximately 205,000 warrants to UCB. During this time, as part of the Helping Hoosiers program, DOR also suspended many collection activities and extended payment plan agreements from a 36-month limit to 60 months.

FY20 also included a number of liability portfolio data cleanup and process improvements associated with Project NextDOR. Work was completed to develop standard operating procedures, collection stage analytics models and new collection path strategies, all with the goal of improving customer service and the effectiveness, quality and results of these critical processes.

SALES & USE TAX

Estimated Sales Tax Collected by Remote Sellers:



FY20 **\$151**
Million

FY19 **\$69**
Million

Estimated Sales Tax Collected by Marketplace Facilitators:

FY20 **\$218**
Million

FY20 was the first full year DOR worked with out-of-state sellers to collect and remit Indiana sales tax. Remote sellers (sellers without a physical presence in Indiana) and marketplace facilitators (organizations who facilitate sales on behalf of third-party sellers on their marketplace) must register with Indiana for sales tax if:

- Gross revenues from Indiana sales and services exceed \$100,000;
- They complete 200 or more separate transactions into Indiana.

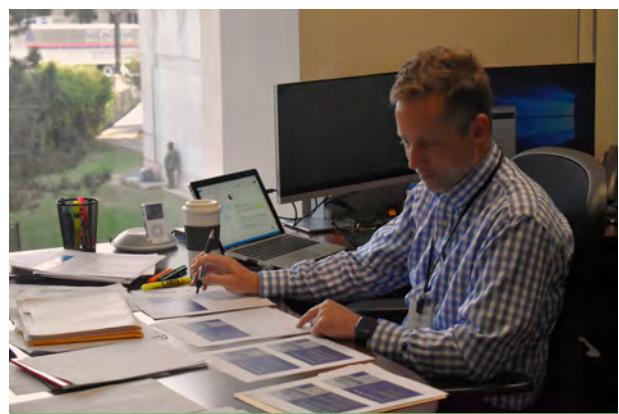
The above requirement began for remote sellers on Oct. 1, 2018, and for marketplace facilitators on July 1, 2019.

DOR also worked to improve education and compliance, and to uphold and clarify Indiana's nexus laws, by working with businesses in this space to keep them informed and help them with registration, filing and payment. This work included reaching out to potential remote sellers directly, and through the Streamlined Sales Tax Project, to inform them of, and assist them with, their Indiana sales tax obligations.

TAX POLICY & LEGISLATIVE AFFAIRS

DOR's Tax Policy Division maintains two primary functions: tax policy guidance and legislation. In providing guidance, the Tax Policy team 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.

This team also 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. Tax Policy team members regularly attend and testify before legislative committees and assist the Legislative Services Agency in the evaluation of fiscal impact statements of proposed legislation. Each year, Policy team members invest significant resources in researching, developing and implementing important changes to Indiana tax laws and statutes, including regularly scheduled tax year changes.



2020 LEGISLATIVE UPDATES

The following is a summary of 2020 legislation impacting 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 2020 legislation, review the 2020 Legislative Synopsis found at dor.in.gov under "Legal Resources."

Senate Enrolled Acts (SEA)

SEA 272: Indiana Economic Development Corporation

Eliminates the requirement that an assignee of an industrial recovery tax credit be a lessee of the industrial recovery site. Restricts a taxpayer to only one assignment of the credit. Prohibits an assignee from further assigning a credit. Requires that before a credit may be assigned, the taxpayer must notify the Indiana Economic Development Corporation (IEDC) of the assignment in the manner prescribed by the IEDC.

Eliminates the reference to "fostering employment in Indiana of students who participate in a course of study that includes a cooperative arrangement between an educational institution and an employer for the training of students in high wage, high demand jobs that require an industry certification" as a purpose for which the IEDC may make economic development for a growing economy (EDGE) credit awards. (Previous statutory language had disallowed the awarding of the EDGE credit for this purpose for taxable years beginning after Dec. 31, 2018.)

SEA 408: DOR Agency Bill

Motorsports withholding simplification

Creates new withholding systems for prize money upon payment to race teams and also creates a mechanism for race teams to divide the prize money withheld among the ultimate recipients.

Clarification of married filing separately rules

The general rules for deductions and credits did not address how those deductions and credits are to be applied to returns of couples who are married filing separately leading to potential double-dipping. This legislative change allocates a series of provisions to each spouse on a 50/50 basis.

Provides limits on the ability to take the deductions/credits so that no more than 100% would be allowed between the two tax returns.

Removal of out-of-state use tax

Following the 2018 Wayfair decision, states are no longer prohibited from assessing sales tax against out-of-state (OOS) merchants who do not have a physical presence within the state.

Removes the present OOS use tax collection options.

Does not completely remove use tax just removes its imposition in situations where merchants are now required to collect and remit Indiana sales tax.

Authority to protest certain audit adjustments

Certain DOR actions are not eligible for protest at the time the action is taken (i.e., adjustments to Net Operating Loss, or NOLs).

The customer must wait until the adjustment results in a refund or an assessment.

This may create a very long window of time between DOR's adjustment and when the customer can protest.

This provision provides taxpayers the option of requesting a conciliation conference, allowing a customer to informally protest audit adjustments at the time they are done and provides an informal mechanism to address issues where no immediate money (assessment or refund) is involved.

Accounts receivable factoring – adjusted gross income/financial institutions tax sourcing clarification

In Financial Institutions Tax (FIT), there is a term “loans arising in factoring.” However, the term is undefined.

This has led to confusion for both taxpayers and DOR in terms of what the term means and which tax (AGIT or FIT) the factoring company is subject to.

Defines what is and what is not a loan arising in factoring. This is intended to provide both DOR and taxpayers a clear map of what the term is and what tax the factoring entity is subject to.

Refund statute of limitations for veterans

Indiana Code does not currently provide a statutory process for handling an adjustment to Indiana tax, which would result in a refund for previous taxes paid by veterans who received a severance payment described in Section 3(a)(1) (A) of the Combat-Injured Veterans Tax Fairness Act of 2016. While there is a provision in federal law extending the statute of limitations in such cases, there is no corresponding provision in Indiana; therefore, in many cases, the statute of limitations would have expired.

Adds language within the refund chapter (IC 6-8.1-9) to provide a corresponding extension to the statute of limitations that allows veterans to claim this refund during a limited time period.

Returned check fees

Implements an initial flat fee/penalty for a returned check or other dishonored payment of \$35. The previous penalty was a percentage of the amount of the returned check and resulted in some inequitable situations. A flat fee is similar to a bank overdraft fee and is something with which the public is familiar.

Puts safeguards in place if the penalty is reduced from 100% due to fraud to \$35 (standard) and also makes the timetables in case of an assessment for fraud more explicit.

Authority of the Taxpayer Advocate Office (TAO)

Expands on the language currently in IC 6-8.1-11-3 that provides for a taxpayer advocate, and provides the ability for the commissioner to designate specified settlement authority to the taxpayer advocate to further assist in the resolution of taxpayer issues.

Electronic filing of pass-through returns and schedules for partnerships, S-corps and trusts

Makes statutory language more explicit that it applies to Schedule IN K-1.

Requires larger entities to file electronically. DOR may reject returns not filed electronically, but can waive the requirement for a company who shows reasonable cause.

Partnership Revenue Agents Report (RAR)

Due to changes in federal law, most partnerships are assessed federal income tax at the partnership level whenever there is a federal audit. However, for Indiana and most states, there are two issues with the federal regime. First, at the federal level, the partnership itself is generally taxed, while Indiana does not impose income taxes on partnerships. Second, for the partners, federal changes at the partnership level under the new federal law generally do not directly result in a change to the partner's income. Accordingly, SEA 408 extends the statute of limitations for most partnership-level adjustments. This preserves the rights of all parties while ensuring that an Indiana-appropriate regime is worked out between both DOR and practitioners.

Power of Attorney (POA)

The first part (IC 6-8.1-3-7.1) permits county treasurers to enter into agreements with DOR and allow DOR to disclose information to treasurers. Particularly for county innkeeper's taxes where the county handles the tax except for facilitators, commonly the treasurer has more need for the information than the auditor.

The second part allows DOR to request a POA on its own form and allows for standardized practices within DOR when disclosing information without subjecting DOR to damages based on not accepting more general POA documents or accidentally disclosing non-permitted information.

Part three allows for DOR to accept POAs on behalf of an entity. Currently, some entities may have dozens of representatives that work with DOR. This allows for the taxpayer to have the entity as the POA and the POA to designate individuals acting on behalf of the entity, and codifies an existing DOR practice with selected payroll processors. DOR intends for this to be a very limited authorization.

Part four deals with an issue where certain features in DOR's new online filing/payment portal (INTIME) could create an issue of accidental disclosure. This permits a short window where limited information can be disclosed without a POA, to allow practitioners and taxpayers to transition to the new system.

Internal Revenue Code (IRC) conformity

Updates the Indiana Code definition of Internal Revenue Code (IRC) in Title 6 to mean the IRC in effect on January 1, 2020.

House Enrolled Acts (HEA)

HEA 1052: Pulaski County Local Income Tax

Extends the authorization for the Pulaski County fiscal body to impose a tax on the adjusted gross income of local taxpayers at a tax rate that does not exceed 0.3%.

Restricts revenue from a calendar year from being used for purposes other than paying the costs of renovating a courthouse or a justice center.

HEA 1059: Sales Tax on Recreational Vehicles

Adds a new statute to the code that acts in the same manner as the former IC 6-2.5-2-4, which sunset on July 1, 2019. The statute provides that sales of cargo trailers or recreational vehicles to a resident of a nonreciprocal state or foreign country are subject to a special Indiana sales tax rate if the purchaser intends to transport the vehicle to a destination outside Indiana within 30 days after delivery for titling or registering for use in another state or country, and that the vehicle will not be titled or registered for use in Indiana. The Indiana sales tax rate on the cargo trailer or recreational vehicle is the rate of the nonreciprocal state or foreign country (excluding any locally imposed tax rates) in which the cargo trailer or recreational vehicle will be titled or registered, as certified by the seller and purchaser in an affidavit satisfying the requirements prescribed by DOR. Provides form requirements and information required for the affidavit which DOR may audit and use as a base for a proposed assessment.

HEA 1065: Various Tax Matters

Excludes Indiana from the federal 529 education savings plan rules by excepting qualified education loan repayments under Section 529(c)(9) of the Internal Revenue Code from the definition of "qualified higher education expenses."

Permits a married individual filing a separate return to claim the tax credit for contributions to a qualifying College Choice education savings plan for taxable years beginning after Dec. 31, 2019. Establishes that in the case of a married individual filing a separate return, the most credit a taxpayer may claim in any taxable year is \$500.

Adds nonprofit agricultural organization health coverage tax in IC 6-8-15 to the definition of "state tax liability" against several credits, essentially anything against which the credit could be applied against the insurance premium tax.

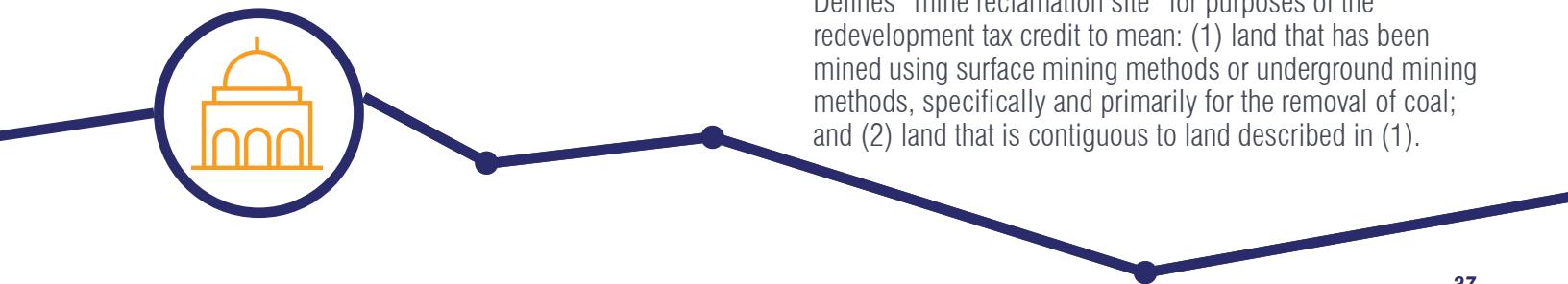
A credit to which a taxpayer is entitled shall be applied against taxes owed by the taxpayer in the following order:

1. First, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.
2. Second, against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) or nonprofit agricultural organization health coverage tax liability (IC 6-8-15) for the taxable year.
3. Third, against the taxpayer's financial institutions tax liability (IC 6-5.5) for the taxable year.

For purposes of the industrial recovery tax credit, establishes that a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer makes a qualified investment as certified by the corporation for that year. Previously, the taxpayer was entitled to the tax credit for the year in which the qualified investment was made.

Eliminates the restriction that a taxpayer may make only one assignment of an industrial recovery tax credit. HEA 1065 permits a taxpayer to make more than one assignment of the credit, but the taxpayer may not assign the same part of a credit more than once. Prohibits an assignee from further assigning the credit.

Defines "mine reclamation site" for purposes of the redevelopment tax credit to mean: (1) land that has been mined using surface mining methods or underground mining methods, specifically and primarily for the removal of coal; and (2) land that is contiguous to land described in (1).



HEA 1093: Electronic Document Filing

Permits a state agency to allow a person to electronically file or submit a document to the state agency, even if a state statute or rule requires a person to use a different means of filing or submitting the document or does not expressly authorize a person to electronically file or submit a document. Establishes that methods to collect electronic filings or submissions must be approved by the Office of Technology to ensure all data is transmitted securely. Directs that any other means of filing or submitting documents to the state agency that is required or allowed by state statute or rule must still be made available to the public as an option.

HEA 1235: Public Safety

Extends the period during which the statewide 911 board may increase the enhanced prepaid wireless charge. Provides that the increase in the charge may not exceed 10 cents.

Directs that if the statewide 911 board increases the enhanced prepaid wireless charge, the board must provide written notice to DOR no later than 60 days before the date the increase takes effect. The written notice must include the effective date for the increase and the amount of the charge as increased by the board.

HEA 1246: Automotive Dealer Services

Provides that an application for a certificate of title submitted only to remove a satisfied lien is not required to be accompanied by the previously issued certificate of title, if the application is accompanied by a written instrument on the lienholder's letterhead which identifies the vehicle identification number and states that the lien has been satisfied.

Alters the requirement that a security agreement covering a security interest in a vehicle that is not inventory held for sale can be perfected only if the BMV indicates the security interest on the certificate of title or duplicate. Instead of that process, it is only perfected when the record of the lien is electronically received by the BMV, if the application for certificate of title is received electronically, or the application for certificate of title is submitted to the BMV if the application for certificate of title is submitted in physical form.



TAX POLICY TEAM



AUDIT DEPARTMENT STATISTICAL STUDY

The Audit Department Statistical Study addresses requirements set forth by IC 6-8.1-14-4 (2). The information is based on 100% of the audits completed and taxpayers assisted during FY20.

Amount of Tax Assessed

Amounts of Tax Assessed Exhibits B, C, D and E display the number of assessments and 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 is as follows.

SALES/USE TAX - EXHIBIT B

	Amount Assessed	Percent of All Assessments
IC 6-2.5-2-1	\$3,970,562	17%
IC 6-2.5-7-3	\$3,366,360	15%
45 IAC 2.2-2-2	\$2,586,271	11%

ADJUSTED GROSS INCOME - EXHIBIT C

	Amount Assessed	Percent of All Assessments
IC 6-3-1-3.5	\$9,608,135	54%
IC 6-3-4-6(c)	\$3,296,499	19%
IC 6-3-2-2	\$2,588,240	15%

SPECIAL TAX - EXHIBIT D

	Amount Assessed	Percent of All Assessments
IFTA Inadequate Rating	\$2,075,562	85%

MISCELLANEOUS TAX VIOLATIONS - EXHIBIT E

	Amount Assessed	Percent of All Assessments
IC 6-8.1	\$113,803	89%

DOR does not financially or otherwise incentivize employees to make decisions against taxpayers in compliance with IC 6-8.1-3-2.6.

Average number of years in the audit period:



Sales/Use Tax Violations

Indiana retail merchants are required to collect sales tax on all sales of personal property unless the buyer offers proof of exemption. 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. Audit assessments for Indiana sales/use tax typically occur in a few main areas. General use tax rule violations [45 IAC 2.2-3] accounted for approximately \$2 million in audit adjustments. Primary areas noted for sales tax violations include IC 6-2.5-2-1, which accounted for approximately \$4 million in adjustments, IC 6-2.5-7-3 which accounted for approximately \$3.4 million in adjustments and 45 IAC 2.2-2.2 which resulted in approximately \$2.6 million adjustments.

Often, DOR 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. These adjustments approximated \$2.6 million in FY20.

Adjusted Gross Income

Individuals and regular corporations are liable for adjusted gross income tax. During FY20, the statute or regulation that yielded the largest corporate adjusted gross income tax adjustments was IC 6-3.1-3.5. This rule defines adjusted gross income. Adjustments made under this statute totaled approximately \$9.6 million this fiscal year.

Special Tax Violations

Field auditors assigned to special tax audits perform audits on a wide variety of specialty businesses, including for the motor carrier IFTA and IRP programs. The largest adjustments to tax dollars in this area during FY20 relates to examinations under these two agreements. IFTA assessments were approximately \$2.2 million in FY20 while IRP assessments were approximately \$133,000. Special tax auditors also audit a variety of excise taxes including cigarette, other tobacco products (OTP), beer and wine excise tax and other fuel excise taxes. This group focused its efforts on cigarette tax compliance in FY20. As a result, approximately \$146,000 in assessments are attributed to IC 6-7-1-12.

Miscellaneous Code Violations

Exhibit E provides the assessment amounts for miscellaneous code violations. In FY20, the most violated miscellaneous code section was IC 6-8-1-5-4 which yielded approximately \$49,000 in net assessments and/or refund reductions in FY20. This code refers to the failure to maintain adequate books and records.

Voluntary Disclosure Program

DOF 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 DOR's Voluntary Disclosure Agreement (VDA) Program. This program allows previously noncompliant taxpayers to work with DOR's audit and legal teams to become compliant by filing prior years' tax returns and paying related taxes without penalty. This also results in proper registration and future compliance. During FY20, this program resulted in the collection of \$5.7 million in tax revenue. All VDA information, forms and guidance can be found on DOR's website at dor.in.gov under "Legal Resources."

Industries/Businesses Most Frequently in Violation

Sales and use tax

For the FY20 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 1,027 violations (53% of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 711 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 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 255 violations (13% of the total violations) for FY20. The most frequently violated rule of this group was IC 6-2.5-2-1 with 32 violations. This rule defines the imposition of gross retail tax.

Adjusted gross income and financial institutions tax

For the FY20 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 and individuals accounted for the most violations of the adjusted gross income tax rules. This group accounted for 1,490 violations (86% of the total violations). The rule most frequently violated by this group was IC 6-3-4-6(c) with 1,423 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 92 violations (5.3% of the total violations) for FY20. The rule most frequently violated by this group was IC-6-3-1-3.5 with 30 violations. This code defines what is included in individual adjusted gross income.

Exhibit D 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 chart.

Special tax violations

Exhibit E provides special tax assessments and refunds by citation.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY20 was the wholesale, retail and transportation industries. This group committed 368 violations, accounting for approximately 81% of the total violations.

EXHIBITS		
Standard Industrial Codes	Exhibit A	Page 42
Sales and Use Tax Audits Dollars Assessed by Industrial Code	Exhibit B	Pages 43-44
Adjusted Gross Income Tax Audit Dollars Assessed by Industrial Code	Exhibit C	Page 45
Special Tax Violations Dollars Assessed by Industrial Code	Exhibit D	Page 46
Miscellaneous Tax Violations Dollars Assessed by Industrial Code	Exhibit E	Page 46

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

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			600	9,480			39,527	2,587		52,194
45 IAC 2.2-2-1				35,015	127,070		16,358			178,443
45 IAC 2.2-2-2		215	7,434	2,417,587	13,747	9,309	130,434	7,545		2,586,271
45 IAC 2.2-3-12		30,021	13,417	8,378	415					52,231
45 IAC 2.2-3-13				3,875			6,967			10,842
45 IAC 2.2-3-15			2,125	5,755			1,262			9,142
45 IAC 2.2-3-20	179	(23,795)	107,639	433,075	120,872	8,979	61,524	31,463	5,654	755,590
45 IAC 2.2-3-24				8,681						8,681
45 IAC 2.2-3-3				580						580
45 IAC 2.2-3-4	4,651	191,530	9,971	321,693	279,251	85,418	34,255	721		927,490
45 IAC 2.2-3-5					700				165,405	166,105
45 IAC 2.2-3-8		92,052		5,188						97,240
45 IAC 2.2-3-9		243		154						397
45 IAC 2.2-4-1	1,386	490	720	734,251	201,071		774,254			1,712,172
45 IAC 2.2-4-13			(288,240)				(6,590)			(234,830)
45 IAC 2.2-4-2			628	447	(77,055)					(75,980)
45 IAC 2.2-4-27		57	1,489	1,944	311		3,406			7,207
45 IAC 2.2-4-33				46						46
45 IAC 2.2-4-8		68	353	164			4,103			4,688
45 IAC 2.2-5-10			26,774				52,680			79,454
45 IAC 2.2-5-12		2,369	149,429		179,652		29,417			360,867
45 IAC 2.2-5-13				3,322						3,322
45 IAC 2.2-5-14			60							60
45 IAC 2.2-5-15			(2,634)	(2,278)	(134)		(1,400)	(35)		(6,481)
45 IAC 2.2-5-16		(1,363)	(1,416)	(3,368)						(6,147)
45 IAC 2.2-5-26				54	41	4				99
45 IAC 2.2-5-36				327	994	19,566				20,887
45 IAC 2.2-5-45			7				1,474			1,481
45 IAC 2.2-5-61				13,010						13,010
45 IAC 2.2-5-70					329,358					329,358
45 IAC 2.2-5-8		220,802	1,075,799	38,227	335,822	119,392	(1,666)	(804)		1,787,572
45 IAC 2.2-5-9		(236,008)	9,817							(226,191)
45 IAC 2.2-6-1				53,642						53,642
45 IAC 2.2-6-14		53	835	151						1,039
45 IAC 2.2-6-8		(195,738)	(53,164)	681,321	(1,328)		175,404	9,129		615,624
45 IAC 2.2-8-12		14,917	19,700	208,537	4,099		5,932	2,163		255,348
IC 6-2.5-1-14			2,208							2,208
IC 6-2.5-1-24		505	5,653	7,267	6,469	5,283	18,456	118		43,751
IC 6-2.5-1-26.5					101					101
IC 6-2.5-1-5		1,102	1,277	501,894	58,398		19,841			582,512
IC 6-2.5-2-1		7,372	1,516,542	1,133,023	1,004,256	53,123		8,867	247,379	3,970,562

* To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html

* 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
IC 6-2.5-2-3				3,750						3,750
IC 6-2.5-3.5-16				30,415						30,415
IC 6-2.5-3.2		438								438
IC 6-2.5-3.3		262								262
IC 6-2.5-3-5		1,838	510	4,996						7,344
IC 6-2.5-3-8		29,325	20,667	126,479	114,558	2,412	21,147	6,818		321,406
IC 6-2.5-4-1		8		9,759	676		91			10,534
IC 6-2.5-4-10					40,852					40,852
IC 6-2.5-4-17			7,404	4,096	8,660	5,318	1,467	89		27,034
IC 6-2.5-4-4							11,425			11,425
IC 6-2.5-4-6					10,073					10,073
IC 6-2.5-4-9		1,037	143	15,274						16,454
IC 6-2.5-5-10		1,847,891								1,847,891
IC 6-2.5-5-20			(21)	108,830			(4,022)			104,787
IC 6-2.5-5-35					(861)		(4,252)			(5,113)
IC 6-2.5-5-39					16,141					16,141
IC 6-2.5-5-5.1			5,342							5,342
IC 6-2.5-5-51				2,424						2,424
IC 6-2.5-6-1		6,838	4,322	47,448	46	1,205	9,774	8,945		78,578
IC 6-2.5-6-9					463,652					463,652
IC 6-2.5-7-1				19						19
IC 6-2.5-7-3				3,366,360						3,366,360
IC 6-2.5-8-8		2,434,596								2,434,596
IC 6-9-12-2				13,553			8,561			22,114
IC 6-9-27-4							5,934			5,934
IC 6-9-33-3				16,338			114,689			131,027
IC 6-9-35-5				10,911						10,911
Supp 45 IAC 2.2-5-12			(17,929)							(17,929)
Supp 45 IAC 2.2-6-8			(119)							(119)
Supp 45 IAC 2.2-8-12			(2,008)							(2,008)
GRAND TOTAL	6,216	4,427,125	2,685,334	10,392,094	3,237,907	310,009	1,530,452	77,606	418,438	23,085,181

* To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html

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

ADJUSTED GROSS INCOME TAX AUDITS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit C

SIC									
Citation*	2	3	4	5	6	7	8	9	Grand total
<u>45 IAC 3.1-1-1</u>								177,979	177,979
<u>45 IAC 3.1-1-106</u>							8,320	8,320	
<u>45 IAC 3.1-1-110</u>			2,320						2,320
<u>45 IAC 3.1-1-153</u>						(8,409)			(8,409)
<u>45 IAC 3.1-1-2</u>								134,450	134,450
<u>45 IAC 3.1-1-25</u>							6,270	6,270	
<u>45 IAC 3.1-1-3</u>							5,909	5,909	
<u>45 IAC 3.1-1-35</u>			(2,293)						(2,293)
<u>45 IAC 3.1-1-5</u>		2,915	213			18,023			21,151
<u>45 IAC 3.1-1-50</u>			(135)						(135)
<u>45 IAC 3.1-1-51</u>				16,428		4,427			20,855
<u>45 IAC 3.1-1-52</u>				(4,187)		(131,863)			(136,050)
<u>45 IAC 3.1-1-53</u>		78,274		(757,208)					(678,934)
<u>45 IAC 3.1-1-55</u>			(375)						(375)
<u>45 IAC 3.1-1-62</u>				(1,561)					(1,561)
<u>45 IAC 3.1-1-66</u>								195,747	195,747
<u>45 IAC 3.1-1-67</u>							3,627	3,627	
<u>IC 6-2.3-1-14</u>				11,068					11,068
<u>IC 6-2.3-2-1</u>	10,956								10,956
<u>IC 6-2.3-3-10</u>	123,684								123,684
<u>IC 6-3.1-21-6</u>							1,724	1,724	
<u>IC 6-3.1-4-1</u>		1,576,190							1,576,190
<u>IC 6-3.1-4-3</u>		(8,372)							(8,372)
<u>IC 6-3.1-4-7</u>				25,551				615,625	641,176
<u>IC 6-3-1-20</u>			218,460						218,460
<u>IC 6-3-1-3.5</u>	22,556	1,077,425	8,606,165	(124,109)				26,098	9,608,135
<u>IC 6-3-2-1</u>		(148)	(206)	(1,795)		(5,231)			(7,380)
<u>IC 6-3-2-1.5</u>		3,299							3,299
<u>IC 6-3-2-12</u>			11,946	(105,441)					(93,495)
<u>IC 6-3-2-2</u>		481,733	2,179,809	(73,302)					2,588,240
<u>IC 6-3-2-2.6</u>			13,255	(296,990)					(283,735)
<u>IC 6-3-4-12</u>			9,865			646			10,511
<u>IC 6-3-4-13</u>			14,228						14,228
<u>IC 6-3-4-6 C</u>								3,296,499	3,296,499
<u>IC 6-3-4-8</u>	23,047	35,341	224,650	66,996	21,324	57,799	34,849		464,006
<u>IC 6-5.5-1-2</u>				(53,484)					(53,484)
<u>IC 6-5.5-2-1</u>				(121,752)					(121,752)
GRAND TOTAL	180,243	3,246,657	11,277,902	(1,419,786)	21,324	(64,608)	34,849	4,472,248	17,748,829

* To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html

* 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 6-7-1-12				146,381				146,381
IFTA Non-Indiana Assessment Adequate Rating		473	66	39,389	1,711	111	2,242	43,992
IFTA Non-Indiana Assessment Inadequate Rating	1,405	242	690	473,369	1,377,927	1,408		1,855,041
Indiana iFTA Assessment Adequate Rating		3,747	1,169	36,068	101	(9)	1,410	42,486
Indiana IFTA Assessment Inadequate Rating	2,727	4,477	1,139	86,530	125,248	400		220,521
IRP Article X-1005		(1,044)	(406)	2,844	(6)		(21)	1,367
IRP Article X-1015			4,764	2,769	119,852	3,745	1,386	132,516
Supp iFTA Indiana Assessment Inadequate Rating					24,294			24,294
Supp IFTA Non-Indiana Assessment Inadequate Records					(31,397)			(31,397)
Supplemental Adjustment					(1,692)			(1,692)
Supplemental Adjustment, Second					(877)			(877)
GRAND TOTAL	4,132	12,659	5,427	894,761	1,508,726	3,296	3,631	2,432,632

MISCELLANEOUS VIOLATIONS

DOLLARS ASSESSED BY INDUSTRIAL CODES

Exhibit E

SIC						
Citation*	1	2	4	5	7	Grand total
IC 13-20-13-7			1,217			1,217
IC 36-8-16.6-13			13,114			13,114
IC 6-6-4.1-4.8			80			80
IC 6-8.1-10-2.1			13,538			13,538
IC 6-8.1-5-1			5,321		16,399	21,720
IC 6-8.1-5-2	299					299
IC 6-8.1-5-4			48,634			48,634
IC 6-8.1-9-1		419		29,193		29,612
GRAND TOTAL	299	419	81,904	29,193	16,399	128,214

* To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html

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

INDIANA TAX RECEIPTS

All Dollar Amounts in Thousands										
Tax Type	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	\$ incr (decr)	% incr (decr)
Aircraft License Excise Tax	\$445.2	\$491.9	\$557.3	\$43.8	\$1,187.1	\$237.0	\$572.5	\$450.6	(\$121.9)	-21%
Aircraft Registration Fee	\$73.2	\$79.2	\$87.7	\$22.8	\$64.5	\$40.8	\$45.5	\$49.1	\$3.6	8%
Alcoholic Beverage Tax	\$45,248.0	\$45,954.7	\$46,063.6	\$48,309.7	\$49,402.8	\$51,577.9	\$52,107.0	\$52,895.1	\$788.1	2%
Alt Fuel Decal Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$233.8	\$239.1	\$5.3	2%
Alternative Fuel	\$0.0	\$232.4	\$872.1	\$698.3	\$364.7	(\$0.6)	\$0.0	\$0.0	\$0.0	N/A
Auto Rental Excise Tax	\$10,563.2	\$12,511.3	\$12,543.8	\$13,175.1	\$13,912.1	\$13,738.8	\$14,949.9	\$14,052.9	(\$897.0)	-6%
Aviation Fuel Tax	\$0.0	\$1,501.9	\$1,720.3	\$1,705.2	\$1,842.6	\$3,832.1	\$3,854.4	\$3,470.2	(\$384.2)	-10%
Brown County Admission Tax	N/A	\$27.9	\$27.9	N/A						
Charity Gaming Excise Tax	\$1,146.0	\$1,138.7	\$1,085.2	\$1,137.7	\$1,050.0	\$1,250.4	\$1,206.1	\$1,025.1	(\$181.0)	-15%
Cigarette/Other Tobacco Tax	\$461,636.8	\$447,561.4	\$439,264.5	\$443,209.9	\$434,350.7	\$418,341.3	\$404,978.0	\$409,248.4	\$4,270.4	1%
Controlled Substance Tax	\$0.0	\$0.2	\$0.2	\$0.9	\$0.2	\$0.0	\$0.4	\$3.2	\$2.9	776%
Corporate Adjusted Gross Income Tax	\$669,063.9	\$764,355.1	\$777,777.5	\$699,192.6	\$730,919.4	\$390,631.5	\$603,018.6	\$437,546.0	(\$165,472.6)	-27%
County Adjusted Gross Income Tax	\$529,134.8	\$619,385.6	\$728,955.2	\$777,201.6	\$399,052.1	N/A	N/A	N/A	N/A	N/A
County Economic Development Income Tax	\$279,006.7	\$304,800.3	\$326,601.9	\$336,123.7	\$171,657.2	N/A	N/A	N/A	N/A	N/A
County Innkeeper's Tax	\$49,577.1	\$51,566.0	\$61,084.4	\$60,545.2	\$60,915.8	\$64,738.1	\$68,661.2	\$61,765.2	(\$6,895.9)	-10%
County Option Income Tax	\$754,692.9	\$805,742.9	\$882,188.9	\$935,027.7	\$477,079.5					
DDR Service Charge	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$36.7	\$60.5	\$55.7	(\$4.8)	-8%
Electric Rail	\$0.0	\$0.0	\$0.0	\$152.3	\$143.9	\$201.0	\$172.9	\$207.7	\$34.8	20%
Employment Agency Licensing Fee	\$33.8	\$30.8	\$27.6	\$23.9	\$17.7	\$29.3	\$30.2	\$28.5	(\$1.7)	-5%
Enhanced Prepaid Wireless Telecommunication Fee	\$4,769.6	\$5,454.0	\$5,772.1	\$11,555.4	\$13,321.3	\$14,274.0	\$14,310.7	\$14,886.5	\$575.8	4%
Financial Institutions Tax	\$112,521.2	\$102,391.6	\$125,795.4	\$120,198.3	\$100,966.5	\$105,943.7	\$165,086.7	\$131,507.3	(\$33,579.4)	-20%
Fireworks Public Safety Fee	\$1,524.2	\$2,270.5	\$2,625.9	\$2,796.5	\$2,842.4	\$2,745.8	\$2,672.2	\$2,603.0	(\$69.1)	-3%
Fish and Wildlife	\$102.5	\$117.7	\$98.5	\$105.7	\$101.8	\$131.6	\$164.9	\$179.8	\$14.9	9%
Food and Beverage Tax	\$73,732.9	\$73,039.5	\$86,119.7	\$87,079.6	\$88,007.5	\$91,628.6	\$100,810.9	\$95,456.1	(\$5,354.8)	-5%
Gasoline Tax	\$529,619.8	\$527,290.1	\$540,082.5	\$556,824.2	\$559,484.9	\$852,320.3	\$896,324.5	\$871,460.0	(\$24,864.5)	-3%
Hazardous Chemical Fee	\$512.9	\$551.1	\$503.0	\$566.3	\$594.8	\$595.1	\$598.9	\$672.8	\$73.9	12%
Heavy Equipment Rental Excise Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,115.9	\$9,115.5	\$6,999.6	331%
Historic Hotel District Community Support Fee	\$0.0	\$0.0	\$0.0	\$2,500.0	\$2,500.0	\$2,500.0	\$2,500.0	\$2,500.0	\$0.0	0%
IMS Admissions Fee	\$0.0	\$295.1	\$1,312.3	\$1,446.3	\$1,561.9	\$1,326.5	\$1,227.4	\$884.3	(\$343.1)	-28%
Independent Contractor Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$56.2	\$56.2	N/A
Independent Contractor Fee - Workers Comp	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$168.7	\$168.7	N/A
Individual Adjusted Gross Income Tax	\$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	\$5,271,814.1	(\$785,146.2)	-13%
Inheritance Tax	\$165,479.2	\$87,712.2	\$4,594.7	\$871.8	\$784.4	\$347.0	\$224.5	\$127.5	(\$96.9)	-43%
Intercept Collection Fees	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,326.9	\$1,326.9	N/A
International Registration Plan (IRP) Licensing Fee	\$93,387.9	\$96,099.9	\$103,792.9	\$104,384.2	\$104,859.7	\$128,466.3	\$154,243.2	\$142,495.0	(\$11,748.2)	-8%
K-12 Check-Off	\$0.0	\$0.0	\$0.0	\$56.1	\$41.6	\$108.3	\$113.2	\$121.7	\$8.5	8%
Local Income Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$1,139,622.1	\$2,383,681.0	\$2,535,093.7	\$2,728,453.5	\$193,359.9	8%
LOIT/LIT Reserve	\$207,954.0	\$200,798.4	\$180,844.0	\$215,367.0	\$210,379.2	\$275,166.5	\$308,156.7	\$303,010.8	(\$5,145.9)	-2%
Marion County Admissions Tax	\$8,259.4	\$14,151.7	\$13,166.5	\$12,963.9	\$13,620.5	\$14,904.5	\$15,598.1	\$13,477.1	(\$2,121.0)	-14%

INDIANA TAX RECEIPTS

All Dollar Amounts in Thousands										
Tax Type	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	\$ incr (decr)	% incr (decr)
Marion County Supplemental Auto Rental Excise Tax	\$4,997.3	\$6,486.2	\$7,654.5	\$6,928.6	\$7,190.2	\$7,899.8	\$8,369.2	\$7,652.7	(\$716.5)	-9%
Military Relief Check-Off	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2	\$0.0	\$0.0	\$102.6	\$102.6	N/A
Miscellaneous Tax	\$4.0	\$151.5	\$54.4	(\$2.3)	(\$0.1)	(\$0.1)	\$0.0	(\$15.0)	(\$15.0)	N/A
Motor Carrier Fuel Tax	\$488.5	\$433.1	\$315.2	\$422.5	\$490.2	\$433.6	\$48,534.8	\$47,431.9	(\$1,102.8)	-2%
Motor Carrier Permit Fees	\$347.3	\$363.2	\$255.9	\$319.1	\$251.9	\$334.3	\$729.3	\$831.2	\$101.9	14%
Motor Carrier Regulation	\$9,319.3	\$9,818.1	\$9,073.3	\$9,014.6	\$9,188.3	\$11,902.6	\$925.3	\$0.0	(\$925.3)	-100%
Motor Carrier Surcharge Tax	\$94,228.2	\$99,272.1	\$91,690.5	\$91,147.8	\$92,767.6	\$252,536.1	\$19,593.2	\$0.0	(\$19,593.2)	-100%
Motor Vehicle Excise Tax	\$6.2	\$2.8	\$0.5	\$0.6	\$0.3	\$1.2	\$1.7	\$0.9	(\$0.8)	-47%
Non-Game	\$413.4	\$343.7	\$320.3	\$153.7	\$146.6	\$224.8	\$192.6	\$150.7	(\$41.9)	-22%
Oversize/Overweight Permit Fee	\$15,969.6	\$18,200.3	\$20,963.5	\$21,774.4	\$21,328.1	\$22,168.1	\$25,084.2	\$22,683.0	(\$2,401.2)	-10%
Petroleum Severance Tax	\$2,421.3	\$2,500.3	\$2,015.1	\$1,012.8	\$1,011.4	\$1,073.5	\$1,118.1	\$852.2	(\$265.9)	-24%
Public Utility Tax	\$6,803.9	\$8,051.7	\$8,618.2	\$10,547.1	\$12,107.1	\$12,726.1	\$13,052.0	\$13,673.1	\$621.1	5%
Racino Slot Machine Wagering Tax	\$105,823.7	\$110,829.1	\$110,663.7	\$110,752.8	\$114,068.2	\$114,887.6	\$119,030.9	\$90,409.0	(\$28,621.9)	-24%
Riverboat Admissions Tax	\$66,721.2	\$58,190.6	\$55,007.2	\$51,287.9	\$46,740.9	\$43,683.9	\$977.3	\$0.0	(\$977.3)	-100%
Riverboat Wagering Tax	\$579,759.5	\$485,331.9	\$452,301.9	\$446,408.4	\$429,709.9	\$433,883.5	\$427,013.7	\$295,028.1	(\$131,985.6)	-31%
Sales and Use Tax	\$6,801,736.4	\$7,003,425.5	\$7,277,731.5	\$7,305,631.9	\$7,557,142.3	\$7,795,586.4	\$8,088,343.2	\$8,234,288.4	\$145,945.3	2%
Special Fuel Dealers Bond	\$0.0	(\$13.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A
Special Fuel Tax	\$169,616.6	\$177,617.5	\$189,026.3	\$186,164.5	\$190,658.9	\$298,984.2	\$505,042.6	\$526,016.4	\$20,973.8	4%
Sports Wagering Tax	N/A	\$7,448.1	\$7,448.1	N/A						
Supplemental Wagering Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3,115.4	\$44,359.7	\$32,796.9	(\$11,562.8)	-26%
Transportation Improvement Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$250.7	\$410.2	\$428.3	\$18.1	4%
Type II Gaming (Taverns)	\$416.5	\$403.5	\$414.4	\$437.9	\$477.5	\$507.7	\$557.9	\$486.8	(\$71.1)	-13%
Underground Storage Tank Fee	\$45,596.7	\$50,568.7	\$50,987.4	\$50,261.6	\$52,584.6	\$46,144.7	\$44,918.7	\$43,322.5	(\$1,596.3)	-4%
Unified Carrier Registration	\$2,467.5	\$2,476.3	\$2,560.0	\$2,442.5	\$2,459.7	\$2,388.0	\$2,391.1	\$2,392.2	\$1.1	0%
Utility Services Use Tax	\$8,743.6	\$14,084.7	\$12,453.4	\$7,214.0	\$8,526.3	\$6,940.3	\$6,032.2	\$4,656.5	(\$1,375.7)	-23%
Utility Receipts Tax	\$215,468.0	\$219,406.9	\$218,597.1	\$207,762.2	\$185,087.0	\$195,208.9	\$217,376.7	\$183,155.9	(\$34,220.8)	-16%
Waste Tire Management Fee	\$1,362.5	\$1,467.6	\$1,533.0	\$1,559.1	\$1,580.1	\$1,616.1	\$1,600.4	\$1,545.2	(\$55.1)	-3%
PRIOR PERIOD ADJUSTMENT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1,599.9)	\$4,530.7	\$0.0	(\$4,530.7)	-100%
Grand Total	\$17,104,005.6	\$17,331,252.8	\$18,088,764.3	\$18,164,693.2	\$18,749,459.5	\$19,885,762.7	\$20,986,278.3	\$20,086,719.6	(\$899,558.8)	-4%

Note: Prior years were not restated when additional tax types were added.

Detailed tax descriptions can be found [online](#) by visiting dor.in.gov, selecting “About Us” and then “over 65 different tax types.”

AREAS OF RECURRING TAXPAYER NON-COMPLIANCE

Calculation Errors

When a calculation error is detected, the tax return is flagged for review by a DOR tax analyst. During FY20, 103,947 returns were flagged for calculation errors. For each case, research is performed and calculations are 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 is successfully processed. The increase in electronic filing and improvements in high-speed imaging and data capture continue to improve data accuracy and reduce the occurrences of these mistakes.



103,947

Returns Flagged for a Calculation Error Review



127,958

Tax Returns Required Manual Credit Processing Correction



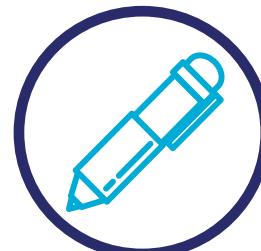
9,735

Duplicate Returns Received



31,400

Checks Requiring Manual Intervention



11,227

Paper-filed Returns Requiring Manual Processing

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 several of these cases, the tax analyst contacts the customer to correct the filing, which may include obtaining the necessary information. In FY20, 127,958 tax returns required this manual processing correction. DOR works to continuously improve tax preparation education and drive improvements in this area.

Duplication of Filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then sends DOR a paper-filed copy of the return. In FY20, DOR received 9,735 duplicate returns. After a duplicate return is received and identified as a duplicate, 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 error.

Miscellaneous

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

- **31,400 Unidentified checks:** These are checks that arrive without the required information for high-speed processing, typically missing a voucher. This requires manual research and processing by DOR tax analysts.
- **11,227 Paper-filed returns requiring manual processing:** This is often a result of older or incorrect forms being utilized.

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, **page 49**.
2. A statistical study under IC 6-8.1-7-2 from DOR's audit process, including the following, **pages 39-46**:
 - 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 DOR administration by the following:
 - A. The adoption of new or amended statutes and rules, **pages 35-38**.
 - B. Improvements in the training of DOR team members, **page 29**.
 - C. Improvements in taxpayer communication and education, **page 22**.
 - D. Increases in the enforcement capability of DOR, **pages 25-26**.
4. The certification required under IC 6-8.1-3-2.6, **page 39**.
5. The following information, **page 19**:
 - A. The number of taxpayers
 - i. Individual: **4,405,454**
 - ii. Corporate: **282,503**
 - iii. Total: **4,687,957**
 - B. The amount of gross collections: **\$21,223,160,148**
 - C. The amount of net collections: **\$20,086,719,574**
 - D. The amount of refunds: **-\$1,136,440,575**
 - E. The amount of customer retained collection allowances: **\$29,196,570**
 - F. The amount of administrative costs: **\$71,070,702**
 - G. The amount of delinquencies by type of tax collected by DOR: **\$327,650,085**

CONNECT WITH DOR



Telephone

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

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 and refund status.

BusinessTaxAssistance@dor.in.gov

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

PublicRecordsRequest@dor.in.gov

Public records inquiries only.

Media@dor.in.gov

Media requests and speaking engagements



Subscribe

[Tax Talk Blog](#)

[Tax Bulletin](#)

Visit dor.in.gov and select “News, Media and Publications”





#WeAreDOR





IN REVIEW

INDIANA DEPARTMENT OF REVENUE

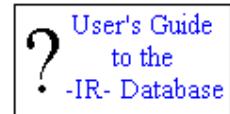
100 North Senate Avenue

Indianapolis, IN 46204

dor.in.gov



INDIANA GENERAL ASSEMBLY



[Indiana General Assembly](#)

[Administrative Rules
Drafting Manual](#)

[Emergency Authority List](#)

Indiana Register

[Current IR
Archive](#)

**Indiana Administrative
Code**

[Latest Update
Archive](#)

IR and IAC Search

Enter search terms

All Registers

Latest Update IAC

[Advanced Search](#)

Register DIN

(Document ID Number)

Enter the full DIN, example:
20060301-IR-025050010NIA

LSA Document #
(Documents since July 2, 2006)

Example: 06 - 121

IAC Cite

- IAC -

Enter Title and Article (optional)
example: 45 - IAC - 1

Indiana Code Cite

Enter Title, Article*, Chapter*, and
Section*
* = optional
example: 4 - 22 - 8 - 2

-IR- Database: Indiana Administrative Code

Indiana Administrative Code

TITLE 45 DEPARTMENT OF STATE REVENUE

Latest Update: March 30, 2022

Rules filed before March 9, 2022

ARTICLE 1. GROSS INCOME TAX [\(PDF - WordPerfect \)](#)

ARTICLE 1.1. GROSS INCOME TAX (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 2. SALES AND USE TAX (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 2.1. SALES AND USE TAX (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 2.2. SALES AND USE TAX [\(PDF - WordPerfect \)](#)

ARTICLE 3. ADJUSTED GROSS INCOME (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 3.1. ADJUSTED GROSS INCOME TAX [\(PDF - WordPerfect \)](#)

ARTICLE 4. INHERITANCE TAX (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 4.1. DEATH TAXATION [\(PDF - WordPerfect \)](#)

ARTICLE 5. INTANGIBLES TAX (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 6. PETROLEUM SEVERANCE TAX [\(PDF - WordPerfect \)](#)

ARTICLE 7. ALCOHOLIC BEVERAGE EXCISE TAXES [\(PDF - WordPerfect \)](#)

ARTICLE 8. CIGARETTES (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 8.1. CIGARETTE TAX [\(PDF - WordPerfect \)](#)

ARTICLE 9. EMPLOYMENT AGENCIES [\(PDF - WordPerfect \)](#)

ARTICLE 10. SPECIAL FUEL TAX [\(PDF - WordPerfect \)](#)

ARTICLE 11. HAZARDOUS WASTE LAND DISPOSAL TAX [\(PDF - WordPerfect \)](#)

ARTICLE 12. GASOLINE TAX [\(PDF - WordPerfect \)](#)

ARTICLE 13. MOTOR CARRIER FUEL TAX [\(PDF - WordPerfect \)](#)

ARTICLE 14. SUPPLEMENTAL HIGHWAY USER FEE (REPEALED) [\(PDF - WordPerfect \)](#)

ARTICLE 15. TAX ADMINISTRATION; GENERAL PROVISIONS [\(PDF - WordPerfect \)](#)

ARTICLE 16. MOTOR CARRIERS [\(PDF - WordPerfect \)](#)

ARTICLE 17. TAXATION OF FINANCIAL INSTITUTIONS [\(PDF - WordPerfect \)](#)

ARTICLE 18. CHARITY GAMING [\(PDF - WordPerfect \)](#)

ARTICLE 19. CONTROLLED SUBSTANCE EXCISE TAX [\(PDF - WordPerfect \)](#)

ARTICLE 20. QUALITY ASSESSMENT ON HEALTH FACILITIES [\(PDF - WordPerfect \)](#)

ARTICLE 21. AGGREGATE REGISTRATIONS [\(PDF - WordPerfect \)](#)

