



INDIANA DEPARTMENT OF REVENUE
ANNUAL REPORT
2015

Oct. 1, 2015

The Honorable Mike Pence
Governor, State of Indiana
State House, Room 206
Indianapolis, Indiana 46204

Dear Governor Pence:

I'm proud to forward the annual report of the Indiana Department of Revenue covering Fiscal Year 2015 (July 1, 2014 – June 30, 2015), hereinafter referred to as FY 2015, as required by Indiana law (IC 6-8-1-14).

Following the retirement of former Commissioner Michael J. Alley, I was honored to be appointed Commissioner effective July 17, 2015.

During FY 2015, the department continued to focus on achieving our strategic priorities:

- F**iling simplification and minimizing regulatory burden for small businesses
- A**ccuracy and reliability of filing and reporting
- C**ompliance improvement to create a level playing field
- T**eam development to ensure sustained success

FY 2015 was a significant year for the department as we continued to implement our Good to Great strategic plan, to remediate major findings of the Deloitte & Touche Controls and Performance Audit, to transition taxpayers to electronic filing and payments, and to enhance systems and processes to achieve efficiencies and effectiveness.

Significant achievements include the continuation of the highly successful Identity Protection Program for individual taxpayers, extensive public outreach campaigns to educate taxpayers, improvements in responding to taxpayer customer service needs, a significant increase in collecting delinquent tax liabilities, and preparation for beginning a major transition to an integrated tax system in the coming years.

KPIs

The department performed well as measured by all Key Performance Indicators (KPIs):

- Revenue per \$1 of cost for the year was \$241 - a slight increase from the prior year (\$240).
- The department successfully handled 85.9% of telephone calls during the year - a 2.6% decrease from the prior year but still well above minimum KPI standard (80%). The department successfully handled 70,000 more calls in FY 2015.
- Delinquent tax collections significantly exceeded our KPI with \$270 million collected – a nearly 16% increase over the prior year.



Deloitte Audit Report

During FY 2015 the department successfully addressed more of the recommendations in the Deloitte & Touche Audit conducted in FY 2013. Almost 90% of the recommendations have been implemented. The remaining observations/recommendations will require implementation of a fully integrated tax system and require significant application system changes anticipated over the next 5 to 7 years.

Electronic Filing

We continued to focus on transitioning business and individual taxpayers to filing and paying electronically. Individual taxes electronically filed and paid during the traditional filing season of January through April 2014 reached 85 percent compared to 82 percent the prior year. Enhancement of our business trust tax platform, INtax, continues. Food and beverage tax and county innkeeper's tax were added this year. By the end of FY 2015, more than 96 percent of business trust taxes were reported and paid electronically through INtax. Taxpayers associated with special taxes (cigarette, alcohol and other tobacco products) now have the ability to file electronically. In addition, electronic filing for sub-chapter S corporations was offered in 2015 for 2014 taxes. This is the first electronic filing option for corporate income taxes in Indiana. As of Sept. 18, the department has received more than 30% of the IT-20S forms electronically.

Enhancing Systems

FY 2015 also saw continued enhancements to our technology platforms to achieve efficiencies and reduce operational and security risks. Development of the Business One Stop Portal in cooperation with the Secretary of State and Department of Workforce Development continued. Finally, we achieved significant risk reduction by adding enhanced data security through additional encryption protocols.

ID Protection

In FY 2015 the department increased the security features of its Identity Protection Program, which continued to protect Hoosier taxpayers from ID theft via tax returns, protect their refunds, and protect the state from issuing fraudulent refunds to ID theft criminals. As of Sept. 30, the department had identified and stopped more than \$13.6 million in attempted identify theft and tax refund fraud. The success of the Identity Protection Program is not only in stopping fraud but in deterring it. As such, Indiana expects to experience less fraud in future years as the program continues.

Outreach

During this fiscal year, the department increased outreach efforts to conduct taxpayer education and information programs around the state. More than 87 free business tax presentations were made to Hoosier businesses, organizations, and the public, including those working with the Indiana CPA Society and local chambers of commerce.

Customer Interaction

During the traditional individual tax filing season, our customer interaction center made more than 250 tax analysts available to respond to taxpayer questions and concerns via in-person visits, letters, emails and telephone calls. More than 41,000 individual tax calls were answered by department analysts – a 22.5 percent increase over the prior year.

Collections

Over the past two years, the department has increased the collection of delinquent tax obligations by more than \$100 million. FY 2015 saw the collection of \$270 million in such taxes this year compared to \$176 million in FY 2013. The department continues to pursue civil and criminal actions against noncompliant taxpayers. Department referrals to the Office of the Attorney General and prosecutors throughout the state have resulted in numerous arrests and one conviction to date. Additional enhancements were made to our reporting systems and relationships with agencies, sheriffs, and others.

Tax Simplification

Using recommendations and ideas from the Indiana Tax Competitiveness and Simplification Conference in June 2014, the department supported the administration, General Assembly and others in providing statistical and empirical data, tax simplification legislation, and innovative ideas for continuing to improve Indiana’s tax climate for individuals and businesses. During the 2015 session of the Indiana General Assembly, the legislature enacted many ideas to ease the tax and compliance burden on businesses and simplified the tax laws for individuals.

The achievements outlined in the report reflect our continued commitment to moving the department from Good to Great.

As we look to the coming years, there are many initiatives under way that will continue to improve department performance and enhance service to Hoosier taxpayers. Future success will be measured by exceptional customer service, effective administration and collection of tax revenues, protection of Hoosier identities and tax revenues, and the development of a replacement of our aging revenue tax processing system.

Thank you for the support you continue to provide. We are grateful for the privilege of serving Hoosier taxpayers and our great state of Indiana.



Andrew Kossack
Commissioner
Indiana Department of Revenue



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PART 01



This initial section reviews the Indiana Department of Revenue's mission, strategies, department highlights, organization, and leadership.

DEPARTMENT HIGHLIGHTS

The mission of the Indiana Department of Revenue (the department) is to administer the tax laws and collect tax revenues in a fair, consistent, and efficient manner for Indiana taxpayers and to provide accurate, timely, and reliable funding and information to state and local constituents.

The department's vision is to, using best practices, continuously innovate to increase accuracy, efficiency, and productivity in all areas of departmental operations and tax administration earning respect, delivering value, and being a trusted source of information.

During fiscal year 2015 (FY 2015), the department served more than 4.2 million individual taxpayers and more than 225,000 business taxpayers, collecting more than \$18 billion of revenue for the State of Indiana. These taxes included individual and corporate income taxes, sales taxes, state and county payroll withholding taxes, and more than 40 additional specialized taxes. The department's stakeholders include individual and business taxpayers; legislators; counties and municipalities; other state agencies; more than 2,000 tax practitioners; and more than 25 interest groups (chambers, associations, etc.)

KEY PERFORMANCE INDICATORS (KPIs)

PERCENT OF CUSTOMER CALLS HANDLED SUCCESSFULLY

The department handled 823,000 calls, a 9.3% increase over the prior year.

This represented a

CALL SUCCESS RATE OF 85.9%,

above the KPI target of 85%. This continued success is a result of implementation of a disciplined "All-In" concept, enhanced flex staffing, and reorganized managerial leadership.

REVENUE COLLECTED FROM NONCOMPLIANT TAXPAYERS

The department collected

\$270 MILLION IN DELINQUENT TAX PAYMENTS,

an increase of \$37 million over last year. This increase reflects reorganized leadership, enhanced accounts receivable reporting, improved collections procedures, and consolidation of third-party collection efforts.

REVENUE PER \$1 OF COST

The department collected \$18.1 billion of revenue and expended \$75 million in operating and capital dollars, or

\$241 COLLECTED PER \$1 SPENT.

This is a slight increase over the prior year and well above the minimum KPI standard of \$230.



Progress on Strategic Priorities

Filing simplification and minimizing regulatory burden for small businesses

- Food and Beverage Tax and County Innkeepers Tax were added to INtax. Within two months of availability, more than 80% of both tax types were being filed and paid electronically.
- Using recommendations and ideas that surfaced during the Indiana Tax Competitiveness and Simplification Conference, legislation was enacted to ease the tax and compliance burden on businesses and to simplify the tax laws for individuals.

Accuracy and reliability of filing and reporting

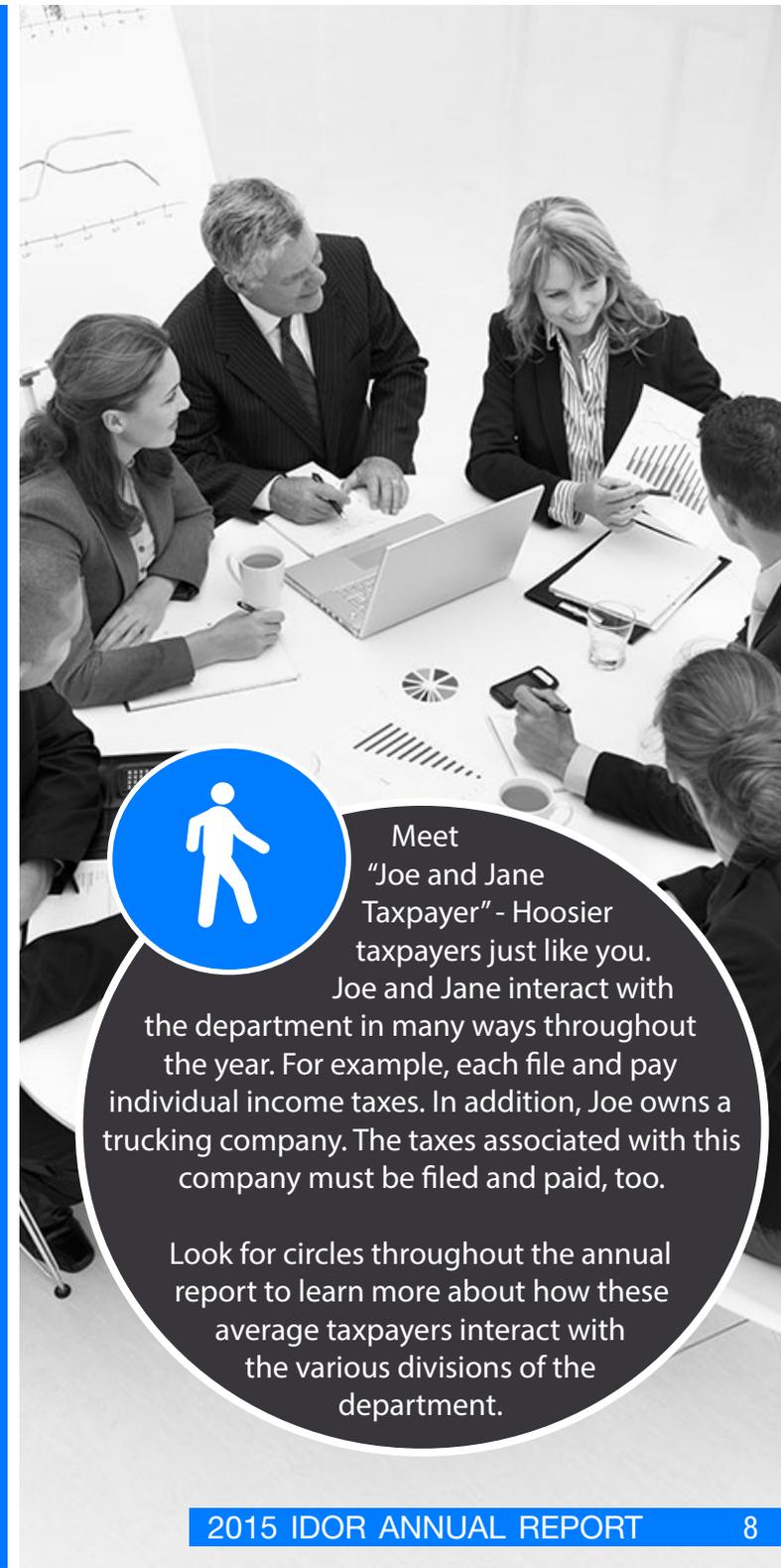
- The Identity Protection Program identified and stopped more than \$11.7 million in attempted identity theft and tax refund fraud.
- In FY 2015 the department achieved a long-time goal of creating an electronic path for companies and corporations to file annual corporate tax returns electronically.

Compliance improvement to create a level playing field

- The non-filer detection program improved the overall rate of compliance and increased tax revenues (\$30 million during FY2015).
- In FY 2015, the department collected \$270 million of delinquent taxes.

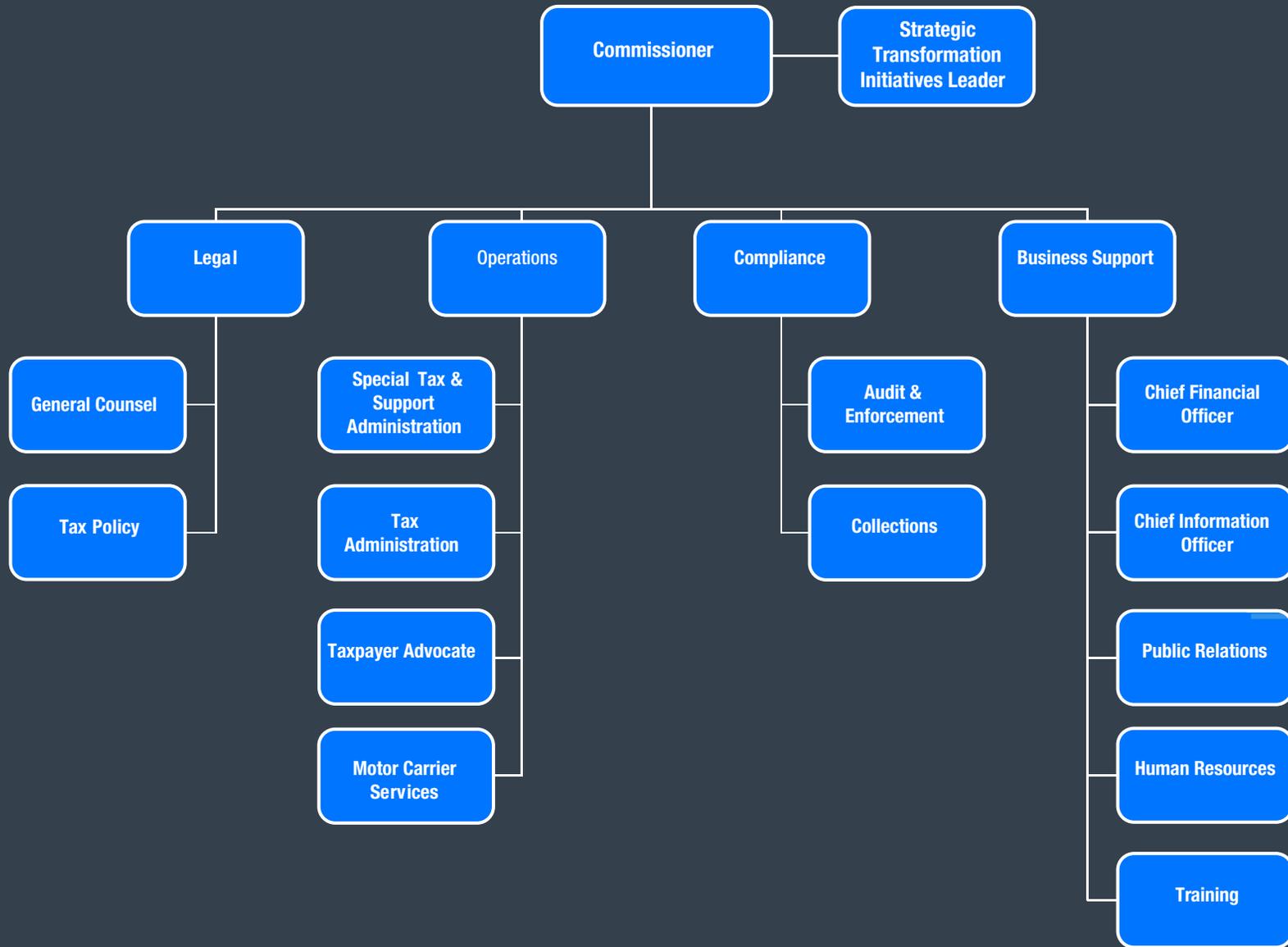
Team development to ensure sustained success

- Succession planning remains a primary objective for much of the department.
- Specific job skill materials and competency validation methods are developed to enhance accuracy and quality of work as well as soft skill training such as personal accountability, customer service and a leadership program for supervisors and managers.



Meet
"Joe and Jane
Taxpayer" - Hoosier
taxpayers just like you.
Joe and Jane interact with
the department in many ways throughout
the year. For example, each file and pay
individual income taxes. In addition, Joe owns a
trucking company. The taxes associated with this
company must be filed and paid, too.

Look for circles throughout the annual
report to learn more about how these
average taxpayers interact with
the various divisions of the
department.





Michael J. Alley

Commissioner

Alley has decades of management experience in the banking industry. Alley served as president and CEO of Fifth Third Bank of Central Indiana in Indianapolis from 1989 through 2002. In 2009, he was named interim chairman and CEO of Integra Bank Corporation in Evansville, a position he held until 2011. He also served as the president of the board of trustees of Indiana State University. Currently, Alley is chairman and owner of Patriot Investments, LLC, a company he founded in 2002. In addition, he serves on a number of nonprofit boards, including the Indiana State University Foundation, the Boy Scouts of America Crossroads of America Council, and the United Way of Central Indiana. Alley holds a bachelor's degree in accounting from Indiana State University.



Andrew Kossack, J.D.

Chief of Staff and Assistant General Counsel

Kossack joined the department in 2015. Kossack brought strong legal and state government experience to the department having previously served as general counsel and policy director for the Indiana Office of Management and Budget (OMB) and education and workforce policy director in the Office of Indiana Governor Mike Pence. He also served as deputy policy director with the Foundation for Excellence in Education, Inc. Kossack earned his B.A. from Butler University and his J.D. from the Indiana University Robert H. McKinney School of Law.



Bill Bahler

Tax Administration Deputy Commissioner

Bahler brings to the department more than two decades of broad human resource experience in both public and private sector companies. After 27 years with Sears Roebuck in executive human resource and store management, Bahler branched out to hold vice president and senior-level HR positions at organizations such as American Water Company; Primetech, Inc.; H.H. Gregg Appliance, Inc.; and Sun TV and Appliances. He holds a bachelor's degree in industrial management from Purdue University.



Ron Broughton, CPA

Enforcement Deputy Commissioner

Broughton has a background in public accounting, spending nine years with PriceWaterhouseCoopers. He also has broad experience in corporate finance, treasury, and executive management at Hurco, Consec, and One America. His past positions at various businesses have paved a way to his successes. Immediately prior to joining the department, Broughton served as part of the senior leadership team with Metropolitan Indianapolis Public Broadcasting (WFYI). Broughton graduated from Indiana University with a bachelor's degree in business with an emphasis on accounting.



Jim Poe

Special Tax and Support
Administration Deputy Commissioner

Poe came to the department in 1976. Prior to taking on the responsibility of deputy commissioner of Special Tax and Support Administration, Poe served as the administrator of the department's Motor Carrier Services Division. In February 2006, he was honored with one of the first Governor's Public Service Achievement Awards by former governor Mitch Daniels. Poe holds a bachelor's degree in business from Indiana State University.



Asheesh Agarwal, JD

General Counsel

Agarwal brings strong legal and policy experience to the department, having been engaged in private sector practice and counsel with federal agencies in Washington, D.C., and involved in policy formulation at the state level. He earned his bachelor's degree from Northwestern University and his J.D. from the University of Chicago Law School.



Beverly Bridget

Human Resources Director

Bridget has been responsible for serving as a strategic partner with the executive team and managing HR since 2007. Prior to joining the department, she worked at Methodist Medical Group for more than 13 years as the HR manager and HR director. Before entering the field of human resources, Bridget spent 13 years in the accounting/tax department of American States Insurance Company. Bridget is a member of Human Resources Association of Central Indiana (HRACI), Society for Human Resources Management (SHRM), and World at Work. She graduated from Indiana University with a bachelor's degree in human resources management and business management.



Milton Cuevas

Deputy Director of Compliance

Cuevas leads the Collections Division, which is responsible for the collection of all delinquent taxes for the state. Before his post at the department, Cuevas spent several years in the chemical industry at ICOR International, Inc., holding positions including controller, chief financial officer, chief operating officer, and vice president. He also has private consulting group experience and was an auditor and assistant vice president for MetroBank in Indiana. Cuevas holds a bachelor's degree in accounting from the University of Mississippi.



Robert Dittmer, APR

Public Relations Director

Dittmer has more than 40 years of experience in public relations, marketing, and management. He has served as the director of media relations for both a U.S. government organization with responsibilities for all of Europe, as well as for NATO with responsibilities for public information management worldwide. Dittmer has experience in public relations and advertising agencies, working with a wide variety of clients in both business-to-business and business-to-consumer arenas. He holds a bachelor's degree in communication from John Carroll University, a master's degree in communication from Marshall University, and accreditation from the Public Relations Society of America (PRSA).



Matthew D. Donahue

Strategic Transformation Initiatives Leader

Donahue came to the department after a series of roles in the defense industry.

Each job blended management, creativity, and information technology, and he has been part of successful teams that implemented many new technologies and process improvements. Examples of these implementations include information security programs, activity-based costing for government agencies, and fitting the workforce to the mission.

Donahue started his path to being a change agent in the United States Army Special Operations. Currently, Donahue is president of Silvertree Grove Corporation. He holds a master's of business administration (MBA) from the Krannert Executive Program at Purdue University.



Kevin Gulley

Chief Information Officer

Gulley brings more than 20 years of experience in information technology, operations, and management experience in both public and private sector organizations. Prior to joining the department, Gulley served as the vice president of health and corporate systems at Conseco Insurance companies. His experience also includes various management positions with Anthem Insurance Companies, including director of information management and actuarial systems. Gulley earned his bachelor's degree in business from Indiana University and holds an MBA degree from Butler University.



Valerie Hunt, CPA

Chief Financial Officer

Hunt is a CPA with nearly 20 years of experience in finance and accounting in both industry and public accounting. She was promoted from her position as the agency's deputy controller of budget and accounting operations in December 2013. Before joining the department, Hunt held various leadership positions in a wide breadth of companies, most notably, Rolls Royce, Guidant, and PricewaterhouseCoopers. She earned her bachelor's degree in accounting and MBA in finance from Indiana University's Kelley School of Business.



Tammy Jones

Taxpayer Advocate and Department Disclosure Officer

Jones has been with the department for 22 years. She previously served as a tax analyst and supervisor for the Taxpayer Advocate Office. Jones started her career in the department's Collection Division before moving to the Bankruptcy Division and working in the Legal Division.



Doug Klitzke

Deputy General Counsel

Klitzke has been with the department since 2000, starting as a hearing officer in the Legal Division. Before obtaining a degree from the Valparaiso School of Law in 1998, Klitzke served as principal and teacher at an elementary and junior high school in Iron Ridge, Wisconsin. While in law school, he served as associate editor of the Valparaiso University Law Review and participated in the Cambridge University Summer Law program.



Emily Wann

Deputy Director of the Enterprise Project Management Office

Wann is responsible for leading the department's team of project managers and business analysts who develop, manage, and execute major projects and programs. She assists in the documentation of key processes throughout the department. Wann and the project management team take projects from inception to implementation. Prior to joining the department in 2013, Wann acquired 17 years of information technology and project management experience as a business solutions consultant, IT manager, engagement and relationship manager, and senior project manager. Wann is a certified Project Management Professional (PMP) and holds a bachelor's degree from Indiana University.



PART 02



The following section reflects the areas that make the Indiana Department of Revenue a taxpayer-focused and successful state agency. This section provides background on the key divisions that enable the department to best serve taxpayers, and reviews FY 2015 accomplishments. In addition, each division presents its plans to continue serving taxpayers and accomplish the mission of the department.

The divisions in Operations include:

Tax Administration – Manages all aspects of individual, corporate, and business taxes including taxpayer customer service. Tax Administration strives to provide outstanding customer service to business and individual taxpayers in a cost-effective manner, including reducing duplication of effort and providing customer-friendly information and assistance to Indiana taxpayers.

Special Tax and Support Administration – Manages all special taxes and the Returns Processing Center. Special taxes include fuel, excise, and cigarette taxes that account for millions of tax revenue dollars to the state. The Returns Processing Center ensures that all returns and payments are received, processed, and posted in a timely and accurate manner.

Taxpayer Advocate – Manages complex tax issues needing specialized attention when other departmental channels have been unable to resolve a tax matter. This section fulfills the legislatively mandated taxpayer advocate responsibilities, works with taxpayers suffering financial hardships to fulfill their tax obligations despite limited financial resources, and acts as the agency's liaison with the Internal Revenue Service regarding federal data security.

Motor Carrier Services – Provides guidance and service to motor carrier companies, commercial drivers, and residents of Indiana through the administration of state and federal laws that govern the commercial use of Indiana's roads. MCS oversees many areas that affect the commercial transportation industry, such as International Fuel Tax Agreement, International Registration Plan, oversize/overweight vehicle permitting, Unified Carrier registration, and US DOT numbers.

The **OPERATIONS** DIVISION SUPPORTS TAXPAYERS BY PROVIDING ASSISTANCE IN RESOLVING

taxpayer issues, both small and complex, and delivering excellent customer service. This division distributes specialized knowledge about individual, corporate, business, and special taxes to Hoosier taxpayers. With Indiana supporting the largest fleet in the country, the Motor Carrier Services Division provides individualized support to commercial trucking companies.



OPERATIONS LOOK BACK

Indiana Freefile – Indiana continued to offer no-cost, online tax filing services to those who qualify through the Indiana Freefile (INfreefile) program. In FY 2015, INfreefile brought free, professional tax services from six major online tax preparers to many Indiana taxpayers from centralized department and IRS websites. Qualified Indiana taxpayers were able to file both federal and state taxes using sophisticated online tax filing services. More than 97,000 taxpayers have taken advantage of this free online program. Based on a survey of taxpayers using this service, 89% of those who used the program were satisfied and 96% would recommend the program to others.

INtax – Using INtax, businesses can manage Indiana sales and withholding taxes, prepaid sales, metered pump sales, tire fees, fuel taxes, and other taxes. This free online application also provides businesses with 24/7 access to business tax records, allows a business to file and pay online, and saves businesses the cost and work of mailing returns each month. In addition to business taxpayers using this program, tax practitioners also use INtax to better serve their Indiana business clients. Throughout FY 2015, business analysts and information technology staff worked to redesign screen layouts and improve system navigation. A proactive outreach campaign continued during FY 2015 which has driven business payments up to \$7 billion via INtax.



As a result of this campaign, 96 percent of trust taxes are now filed and paid electronically. More than 309,000 businesses have been registered in INtax since its creation.



During FY 2015, the department added food and beverage tax and county innkeeper's tax to the INtax options at the request of many taxpayers. Within two months of availability, both tax types had converted from 100% paper filings and payments to more than 80% electronic through INtax.



The INtax system includes a secure email message center. INtax customers are encouraged to communicate with the department using this message center. During FY 2015, nearly 37,000 INtax messages were answered by business tax staff through this secure system.



Corporate Tax Goes Electronic – In FY 2015 the department achieved a long-time goal of creating an electronic path for companies and corporations to file annual corporate tax returns electronically. Beginning in February of 2015 the IT-205 for Sub-Chapter S Corporations was available from at least two major vendors, and eventually via five vendors. More than 30 percent of the more than 95,000 IT-205 returns were filed electronically (to date) in 2015. Electronic filing enhances accuracy, is more efficient for the taxpayer and the department, and significantly speeds return processing.



When “Joe Taxpayer” filed the corporate income tax return for his business, he had a question about the appropriate documentation to include with his return. He contacted the department’s customer interaction center and spoke with an analyst who was able to assist him. Thanks to this helpful advice, Joe’s tax return was filed with all proper documentation. It could be processed accurately and efficiently without additional follow-up from the processing review section.

Customer Interaction Center – In FY 2015, the department continued cross training full-time and temporary employees to handle both individual and business tax basic telephone calls as well as routine calls relating to identity protection, fraud, and collections issues. This cross training enabled the department to provide better telephone response and overall customer service, especially during seasonal peak periods. During the traditional tax season (January through April) the department made more than 250 tax analysts available to respond to taxpayer questions and concerns via in-person visits, letters, emails and telephone calls.

At peak utilization during April 2015, 41,729 individual tax calls were answered by department analysts. This is a 22.5 percent increase over the prior year (32,358 individual calls). For the year, the department exceeded its KPI target of 85 percent of calls received answered the first time.

Customer Service Success Year over Year

	FY 2014	FY 2015
Telephone calls	753,148	823,387
Email	53,015	49,404
Walk-In	22,789	11,716
Correspondence	50,574	41,073

Tax Administration Processing Review Section – The department’s tax administration processing review section focuses on resolving problems that arise with the processing of more than 3 million individual and more than 230,000 corporate tax returns.

When a problem is found, this section evaluates the possible issue(s) with the return, contacts the taxpayer for any follow-up documentation necessary, or sends a notification to the taxpayer if automated changes are made to the return so the return is processed as accurately and efficiently as possible.

This section also works on all amended return submissions for individual and corporate tax returns. These are submitted when a taxpayer discovers an error or omission on her original filing. Normally the department has processed about 44,000 amended returns by June 30. Over the past two years, the department has received and processed fewer amended returns. Last year amended returns were down to 38,000. This year, the department processed 39,500 amended returns.

In all processing reviews, the division’s objective is to be as efficient and effective as possible so the taxpayer does not notice that the tax return required a review.

10,900

stolen Hoosier identities used to file fraudulent returns

\$13.6 million

in attempted identity theft and refund fraud identified and stopped



After “Jane Taxpayer” filed her individual income tax return using INfreefile, she received an ID Confirmation Letter from the department. While electronically filing is more secure, Jane recognized the epidemic nature of identity theft and appreciated the department’s efforts to protect her identity and prevent refund fraud. Jane took the online, four question quiz and confirmed her identity in less than 3 minutes. Her return could be processed and her refund paid.

ID Protection – During the 2014 individual tax filing season, the department implemented an Identity Protection Program to reduce taxpayer identity theft and disbursement of fraudulent tax refunds. The program uses third party vendor LexisNexis to allow the department to check identities against national databases. During FY 2014, the pilot Identity Protection Program stopped \$88 million in identity theft refunds and 78,000 fraudulent returns.

The 2015 program built on what the department learned in 2014. The Identity Protection Program continued during the 2015 individual tax filing season with increased security features. All software vendors certified in Indiana were required to sign agreements with the state. Those vendors with excessive fraud in 2014 were not recertified unless increased fraud screening was evidenced. In addition, all individual tax returns were reviewed through an extensive screening filter prior to being processed. Multiple filter parameters detect fraudulent returns and unusual activity. The processing rules and parameters were based on what the department learned in 2014 and adjusted throughout the tax season as new information became available.

Final results are not yet complete, but during FY 2015 the program has continued to yield exceptional results. To date during the 2015 tax season, more than \$13.6 million in attempted identity theft and tax refund fraud has been identified and stopped, thus saving money for the state and Hoosier taxpayers. The program helped 10,900 taxpayers discover their identities were stolen and used to file fraudulent Indiana tax returns.

In 2014, only 13% of surveyed taxpayers recognized the epidemic nature of identity theft in Indiana. In the program’s second year, 41% see identity theft as a big problem in Indiana. Taxpayers are more aware of the issue and appreciate Indiana’s efforts to protect Hoosier identities and refunds.

For taxpayers selected for additional scrutiny, the department sent more than 236,000 confirmation request and reminder letters. The online, four-question quiz to confirm taxpayers’ identities took less than 3 minutes to complete.

More than 177,000 taxpayers successfully completed the identity confirmation quiz. Of those taxpayers who took the post-confirmation survey, 81% stated the Identity Confirmation Quiz was easy to complete, and 95% stated the instructions were clear.

For taxpayers with questions, the department has a dedicated telephone line and call center team to handle identity protection queries. This team, with the help of the rest of the CIC, successfully fielded more than 75,000 calls during tax season 2015 to date. In addition, the department allocated eight experienced tax analysts to assist processing fraudulent returns. In addition to identities confirmed through the quiz, the team confirmed the identities of an additional 47,000 taxpayers.

The success of the Identity Protection Program is not only in stopping fraud but in deterring it. As such, Indiana expects to find less fraud in future years as the program continues.



Taxpayer Advocate – The Indiana Taxpayer Advocate Office (TAO) provides an avenue for the successful resolution of taxpayer problems that have not been resolved through normal channels. Hardships, offers-in-compromise, and taxpayer complaints are also researched and resolved through TAO. The Advocate serves to facilitate resolution as a final resource for the taxpayer.

Assistance is provided to taxpayers who experience financial hardships and are unable to pay tax obligations within normal time limits and taxpayers whose livelihoods are threatened. The Taxpayer Advocate is authorized to review these cases and make every attempt to collect the tax while still meeting the special needs of the taxpayer. This may include establishing an offer-in-compromise or hardship. Special needs include loss due to disaster, severe medical conditions, the loss of a family member, or severe financial problems.

The number of cases
the TAO handled over the last
three years:

FY 2015 2,315
FY 2014 5,430
FY 2013 1,837

Of the more than 10,827 calls answered by TAO,
97% of these calls were resolved.

The total amount of dollars collected by TAO:

FY 2015 \$4,644,923
FY 2014 \$4,476,232
FY 2013 \$4,157,975

These figures demonstrate that Indiana taxpayers want
to pay – and do pay their taxes – even if they are not
able to pay within the normal collection process.



Special Tax – The Special Tax Division is responsible for administering 17 different taxes and fees that touch approximately 16,000 taxpayers. These taxes and fees involve a variety of unrelated industries. Although the fuel and tobacco excise taxes are the most notable, this division also administers the alcohol excise tax, aeronautics taxes and fees, and fireworks public safety fee, to name a few. On average, the division processes 6,500 tax and informational returns each month.



“Joe Taxpayer’s” trucking business is very successful, and he has considered expanding his business to sell fuel. If he decides to do so, he will need to register for a fuel license and will be required to file fuel tax returns depending of the type of license he obtained.

In the meantime, Joe knows that the dealers from which he currently buys his fuel, must file and pay special taxes to the department.

The Special Tax Division strives to balance filing simplification with accuracy and reliability. When creating new forms, the division listens to taxpayers and incorporates their feedback whenever possible. Some special tax taxpayers do not have the option to file electronically, so the department has eliminated some of the burdensome reporting previously required. The department has increased its efforts to ensure accurate data is received on a timely basis, with the goal of ensuring those who should be reporting are doing so in a timely manner.

When taxpayers fail to comply with filing requirements, the Special Tax Division works with other divisions and agencies involved. For example, the Special Tax Division works cooperatively with the Alcohol & Tobacco Commission to ensure those entities that are licensed to sell alcohol have filed the appropriate returns. By working together to visit and contact these businesses, the department was able to bring them into compliance, which not only benefits the department, but benefits all taxpayers by leveling the field.

Motor Carrier Services – Indiana supports the largest International Registration fleets in the country with 339,447 vehicles. The Motor Carrier Services Division (MCS) provides support to motor carrier companies and commercial drivers through the administration of state and federal laws that govern the commercial use of Indiana’s roads. MCS manages the International Fuel Tax Agreement, International Registration Plan, oversize/overweight vehicle permitting, Unified Carrier Registration, and US DOT numbers. Some key accomplishments in FY 2015 include:

International Registration Plan (IRP) – Truck companies are choosing Indiana over other states when registering for the IRP. During FY 2015, Indiana IRP achieved the registration of more than 300,000 vehicles. Indiana IRP experienced a more than 15% increase in the number of registered vehicles from FY2014 to FY2015. To ensure carriers continue to choose Indiana, MCS employs a customer-focused approach and has assigned high-volume carriers a specific agent with whom to work. This agent helps the carrier troubleshoot any issues it may have. Indiana IRP has emerged in the forefront of plate registration by setting standards for best practices and continuously pushing the program and technology to the next level. Currently, there are more than 7,500 companies registered with IRP and almost 8,100 fleets in Indiana.

In January of 2015, a Full Reciprocity Plan (FRP) was created to make IRP more efficient, equitable, and flexible for registrants and member jurisdictions. FRP removed all IRP provisions related to estimated distance and allows full reciprocity for all apportioned vehicles in all member IRP jurisdictions. All IRP accounts register for every jurisdiction listed on their cab cards and pay a per-vehicle distance percentage to each jurisdiction. When the IRP account is renewed, accrued distance in each jurisdiction is reported, and the account is billed only for states in which travel occurred.

Unified Carrier Registration (UCR) – Trucking companies traveling across state lines (interstate) are required to register under the Unified Carrier Registration (UCR) Agreement and to pay a yearly UCR fee based on the total number of trucks they operate (truck fleet). UCR fees are used to maintain roads and weigh stations and provide for the enforcement of safety regulations.

The Indiana UCR System is the sole electronic filing system for the nation’s 360,000 UCR registrants, collecting 79 percent of these registrations for the 40 UCR-participating states, Mexico, and Canada. The system walks UCR users through their annual UCR registrations and payments. The question-and-answer style software calculates users’ fee amounts. The online process makes registration convenient, so truck drivers can register and immediately take to America’s roads.

The system also has a mobile-friendly option. This version is reformatted and language is rewritten to be more concise and easy to access while on the go or in a truck cab. Twenty-two thousand (22,000) users take advantage of this option each year.



“Joe Taxpayer” registered the vehicles in his trucking company fleet using Indiana’s International Registration Plan. Because of Indiana’s Full Reciprocity Plan, renewal of the IRP is easier than ever. In addition, Joe loves using the mobile-friendly option of the Indiana Unified Carrier System from the cab of his truck while he’s stopped for breaks. Joe’s in good company - truck companies are choosing Indiana over other states for their registration needs.



OPERATIONS LOOKING FORWARD



Better Technology, Better Service – The Returns Processing Center (RPC) is leading the department’s effort to improve vendor certification. With more than 80% of individual taxpayers submitting returns electronically, improvements in the certification process of electronic returns will provide huge benefits in the accuracy of the information provided to the department. Improvements include simplification of vendor registration, moving to scenario-based testing that tests the calculations of vendor software, and a grading matrix to rank vendors based on the accuracy of their filings.

RPC is implementing a remittance processing upgrade. The current technology has been in place for 14 years. The new technology will allow more secure processing of sensitive taxpayer information and will speed processing with fewer errors through image enhancement, two-key balancing, and more efficient processing of unidentified checks and low-volume payments. RPC’s goal is to become the Imaging Center of Excellence for the state. By leveraging existing technology and capacity, the department is partnering with the Department of Child Services (DCS) to provide imaging for nearly 40 million document pages. This low-cost solution will enable DCS to save money on office space and storage and provides instant access to secure electronic document images on any desk in the state.

INtax – During FY 2016, a significant upgrade of the system will be completed and launched (accomplished in August 2015). The upgrade includes not only a new look and feel, but also enhanced and easier navigation, improved instructions and improved functionality. We continue to listen to the field and will continue to enhance this very important platform.

Corporate Tax – For the 2016 tax season, the department will offer the IT-65 corporate tax return (for LLCs and LLPs) to the electronic filing option, continuing to enhance electronic filing for Indiana’s corporations.

Tax Amnesty – Pursuant to HB 1001, the department will conduct a Tax Amnesty program during the period September 15 through November 16, 2015 with the goal of raising at least \$90 million in past-due taxes to support state initiatives (the Regional Cities Initiative and Hoosier State Line).



The divisions in Compliance include:

Enforcement – Performs and manages taxpayer audits including field audits, out-of-state audits, and desk audits; regularly conducts special projects to help ensure taxpayer compliance; and contributes to outreach training and educational programs to better prepare taxpayers to be compliant.

Collections – Manages all aspects of inbound and outbound collection efforts, including outside collection agencies and sheriffs; conducts special investigations and provides support for civil and criminal prosecution of noncompliant taxpayers and perpetrators of fraud; works to educate all taxpayers about their tax liabilities; oversees expirations and renewals of Registered Retail Merchant Certificates; and manages taxpayers subject to bankruptcy protection.

COMPLIANCE

CONTINUES TO PLACE SIGNIFICANT EMPHASIS ON THE COLLECTION OF ALL

taxes due the state. Several factors drive this emphasis: providing a fair, business-friendly environment for all Indiana taxpayers; maximizing collection of appropriate revenue for each tax type as defined by law; and proper and consistent enforcement of Indiana tax code.



COMPLIANCE LOOK BACK

Increased Enforcement Capability - The Enforcement Division continues to strive toward improved compliance to create a level playing field for all taxpayers. At the end of the prior year, a new Compliance Management System (CMS) was implemented which included the following process improvements:

- Case management software
- Audit workpaper toolkit and report writing software
- Non-filer detection program
- Automated audit selection software

The modernized audit case management, workpaper toolkit, and report writing software replaced an antiquated, inefficient process. Enforcement field audit staff embraced the change that came with adapting to this new software. The case management program also provides increased security of taxpayer information. These improvements have resulted in approximately 10% enhanced efficiencies, which allow existing staff levels to perform additional business audits. These additional audits will result in increased audit assessments of approximately \$6 million per year. Additionally, some intangible but important benefits have been derived from the implementation of this tool. This includes improved consistency in the preparation and formatting of audit reports and in the application of tax code among all audits. This makes audit reports easier to understand for the taxpayer or their representative.



The non-filer detection program, a component of the new CMS system, allows the department to identify, through the use of various data sources, individuals who should have filed tax returns, but did not. The department contacts these taxpayers to encourage them to become compliant for these prior years. Additionally, due to increased education and oversight, the taxpayer becomes self-compliant in future years. This effort improved the overall rate of compliance, increased tax revenues (\$30 million during FY2015), and creates a level playing field among taxpayers. This program is expected to yield annual improved individual taxpayer compliance of approximately \$25 million per year in the future.

Implementation of the automated audit selection tool brought improvements that include scoring of all businesses and development of tax specific selection criteria that further refine existing selection methodology. Further improvements to the process are currently being developed to better identify nonfiling and/or under-filing businesses as appropriate candidates for audit. Furthermore, use of decision analytics and consistent case scoring between audit candidates helps to ensure the most appropriate candidates for audit are selected and all businesses are evaluated on a fair and consistent basis. Additional CMS uses, to increase compliance, are being investigated.





When “Joe Taxpayer” first opened his business, he wasn’t familiar with Indiana tax laws and requirements. As such, he failed to file all of his required tax return. When Joe realized his error, he participated in the department’s Voluntary Disclosure Agreement (VDA) program. He became compliant by filing the prior year’s tax returns and paid the related taxes without penalty. Joe is now a compliant taxpayer and files and pays his fair share every year.

Voluntary Compliance - In addition to the improvements noted from CMS implementation, the department continues to advocate voluntary compliance through the Voluntary Disclosure Agreement (VDA) program. The program allows previously noncompliant taxpayers to voluntarily become compliant by filing prior years’ tax returns and paying related taxes without penalty. This brings noncompliant taxpayers into compliance, thereby generating future revenue. During FY 2015, Indiana collected approximately \$9.6 million in tax revenue through its VDA program.

Taxpayer Service – Customer focus continues to be one of the Enforcement Division’s top priorities. Whether a taxpayer contacts the district office on a routine tax matter or is engaged in an audit, the overall goal is to build a relationship with the taxpayer that improves compliance. During the process of an audit, the auditor determines the taxpayer’s level of compliance. Audits can result in assessments, refunds, or no changes proposed to the reported amounts. Education is a critical component of ensuring a successful audit completion. Auditors explain the specific statutes and regulations being audited to the taxpayer. Through this education, the taxpayer and the auditor develop a strong working relationship that often continues well after the audit has been completed.

Preparing Employees for Sustained Success – Succession planning remains a primary objective for much of the department. The Enforcement Division continues to note a significant number of employees leaving the department, primarily through retirement. Further, a large percentage of our remaining workforce is eligible for retirement. Recruitment of talented employees as well as investment in training of existing employees to replace the resources leaving the department is critical to our future success. The department continues to be diligent in our recruitment and retention efforts to ensure its continued success.

Collections - During FY 2015, the Collections Division continued to realize operational efficiencies resulting from its prior year reorganization. Also, the division improved communication and data transfers with its outside collection agents. The result was that the division focused the appropriate collection activities based on the taxpayer and their situation. This allowed the division to achieve a 21% in overall collections while only increasing its operating expense by \$306,000.

In FY 2015, the department collected \$270 million of delinquent taxes, compared with \$223 million the previous year. FY 2015 was the second full year operating under the new structure, which organized all inbound collection activities in one unit. This group collected \$17.1 million in FY 2015, compared with \$19.1 million in FY 2014. Although the total dollars collected by this group was down during FY 2015, the total number of telephone calls handled increased from 227,336 to 263,296 and the percentage answered remained at 87% in 2014 to 87% for 2015.



“Jane Taxpayer’s” identity was used to file a fraudulent individual tax return. The department’s ID Protection Program helped Jane discover her identity had been used to file the fraudulent return. In addition, the department’s Special Investigations Unit is pursuing individual filer fraud in earnest. Jane feels better knowing the department is protecting her identity and is pursuing identity thieves who are attempting to claim taxpayer refunds.

Outbound collection activities (where the department actively contacts taxpayers) improved for a third straight year. During FY 2015, this group collected \$124.5 million, compared with \$102.1 million in FY 2014. This improvement resulted from the continued enhancement of the collection process as well as continued use of new accounts receivable reports implemented during FY 2013.

The Collection Agent Services group (who manage all county sheriff and third party collection activities) improved its collection results from \$94.3 million in FY 2014 to \$118.9 million in FY 2015. During FY 2015, the department’s collection agency collected \$80.8 million, compared to \$63.4 million in FY 2014. The collection agency increase in FY 2015 can be attributed to a number of factors: increased staffing from approximately 85 collectors to just over 100 during the current year; enhanced skip trace processes which have allowed them to find many taxpayers who have previously evaded the department; and an improved department tax warrant staging process which directed certain tax liabilities to the collection agency in an expedited manner.

During FY 2014, the Collections Division fully integrated the Special Investigations Unit (SIU) into its operation. In doing so, the division has enhanced its ability to pursue taxpayers who have knowingly violated Indiana Tax Code. During FY 2015, SIU referred 37 cases to the Attorney General’s Office (AG) of which 33 were prosecuted. Additionally, in FY 2015 SIU referred 17 cases to various county prosecutors and the AG for criminal prosecution. To date, one case was successfully prosecuted and the taxpayer pled guilty to tax fraud, the other 16 cases are in various stages of prosecution. SIU began to pursue individual filer fraud (usually involving identity theft and instances where identities are created to claim fictitious refunds) in earnest in FY2015. Nine cases of individual filer fraud were established in FY 2015.

The division continued to make use of several new reports created in the previous two years. These reports have been instrumental in assisting management to direct collection staff in more efficient efforts and identifying non-compliant taxpayers more effectively. In FY 2015 the agency collected \$295.5 million of delinquent tax liabilities compared with \$255.5 million in FY 2014 and \$176.7 million in FY 2013.

Two-Year Audit Case Pays Off – In January 2015, the owners of a popular chain of Mexican restaurants were arrested and charged with underreporting an estimated \$22.7 million in sales. The owners plead guilty to theft and agreed to forfeit \$4.53 million to state and local authorities, including the department and Marion and Tippecanoe counties.

The department will receive approximately \$1.86 million in restitution for unpaid sales tax and unpaid food and beverage tax. The sales tax will be paid to the state's general fund, and the food and beverage tax will be distributed to the appropriate cities and counties.

The opportunity to recoup the unpaid taxes is the result of hundreds of hours of work by department employees. Throughout the investigation, department auditors assisted authorities in determining the amounts and types of taxes owed to the state.

In May 2013, the Marion County Prosecutor's Office Grand Jury Division, Tippecanoe County Prosecutor's Office, West Lafayette Police, and Lafayette Police Department began a joint investigation into the chain's business practices. The investigation targeted 26 restaurants located throughout 10 counties.

According to the probable cause affidavit filed in the case, an analysis of the restaurants' sales for 2010 through 2012 estimated that more than 25% of the sales were not reported to the state. Evidence indicates the defendants engaged in a number of methods to conceal and underreport cash sales. Investigators seized ghost books that show the willful underreporting of sales. Additionally, undercover investigators observed evidence of cash skimming at the register through the use of a calculator instead of the register to calculate bills, making change out of an open cash register drawer, and failing to provide a receipt.

COMPLIANCE LOOKING FORWARD

Improving Taxpayer Compliance to Create a Level Playing Field - As compliance looks to the future, four areas of concentration will lead to greater compliance and collection:

- Work closely with collection agency and counties to collect delinquent taxes
- Fully implement new audit selection and tracking software
- Perform database matching among state agencies
- Execute multiple third-party vendor compliance programs
- Increase internal efficiencies among staff and reporting

Research indicates that about 10% of individual taxpayers simply do not file a return. The department will draw upon third-party vendors who have expansive databases that will help identify those individuals so the department can contact them to encourage their compliance.

The department will initiate data-sharing collaboration with other state agencies. The intent is to match the departments' databases to identify businesses registered in other agencies' systems but which are not reflected in the department's system. This would identify businesses that potentially have not filed tax returns as required by law.

The department's goal is to permanently convert non-compliant taxpayers into compliant ones going forward, thus reducing the burden on all Hoosiers and ensuring individuals and businesses operate on a level playing field.

The Enforcement Division will continue to refine computer-based auditing technology that will substantially improve its enforcement capabilities. This system will provide a more robust identification of individual nonfilers using a broad spectrum of databases, including real property records, W-2s, 1099s, etc. This system also will make the management of business audits more efficient because it will integrate audit selection, audit procedures, audit workpapers, assessment reports, and billings all in one system.



The divisions in Business Support include:

Finance – Manages budgeting and accounting, cashiering, electronic funds transfer (EFT), procurement, internal audit, and financial planning and analysis. Other responsibilities include depositing tax revenues, preparing reports, and conducting all related banking functions.

Information Technology (IT) – Manages department-unique information technology platforms and applications, including programming, hardware, and software, and oversees disaster recovery planning and information security. Additionally, IT provides technology solutions, such as upgrades to the state’s returns processing system and various online tools.

Public Relations – Manages all internal and external communication, community outreach and education, market research, Internet and social media presence, in addition to tax form and tax booklet development and publication.

Training – Develops the specific job skill materials and competency validation methods to enhance accuracy and quality of work as well as the soft skill training to deliver on the respect and personal accountability required to provide exceptional customer service both internally and externally.

Human Resources – Manages all employment recruitment, and succession planning. Additionally, HR administers wellness programs, payroll, benefits, and labor relations in coordination with the State Personnel Department.

BUSINESS SUPPORT

PROVIDES CRITICAL INFRASTRUCTURE AND SUPPORTING SERVICES FOR THE department. By managing department funds, employees, technology, communication, and training, business support facilitates and ensures the department operates effectively and efficiently.



BUSINESS SUPPORT LOOK BACK

Financial Management – The Finance Division is committed to promoting and ensuring the financial integrity and accountability of the department to taxpayers, local constituents, and the state.

The division ensures that collected taxpayer revenues are protected and distributed in accordance with tax laws to enable the state to provide beneficial services to our communities. In addition, the division drives fiscally responsible agency spending and provides decision support and financial insight to the agency, state, and other key stakeholders.

During FY 2015, the Finance Division continued to evaluate and streamline processes. The division completed the third phase of a revenue system-to-accounting system information integration. This resulted in automation of 90% of the department's daily deposit journal transactions.



The division's Assurance and Advisory Services Group continued to audit and review the department's operations and enterprise risks. Development of a key controls catalog was completed for the Finance Division. Controls are documented, tested, and maintained to further strengthen the control environment of the department.



The department moved to a data-driven decision-making model beginning in FY 2015. The Finance Division led the effort to spend within the department's FY 2015 budget and developed the department's biennium budget for FY 2016/2017.



The Finance Division ensures that collected taxpayer revenues are distributed appropriately to other state agencies and local governments who provide beneficial services to taxpayers and others.

Although many of the customers the division directly interacts with are internal to the state, some areas within Finance have significant taxpayer interaction. The division serves business and nonbusiness taxpayers in the walk-in cashier area. Employees also answer calls and have correspondence with business taxpayers who need assistance registering for electronic funds transfer options or have questions about their accounts/ electronic payments.



“Joe Taxpayer’s” trucking business is one of the more than 309,000 registered in INtax. While INtax makes filing and paying the withholding taxes for his employees simple, Joe had a question about an electronic funds transfer one month. He reached out to the department via social media and was put in touch with an expert who was able to quickly assist him.

Information Technology – During FY 2015, the Information Technology Division (ITD) continued to focus on strengthening staff, modernizing its technology portfolio, and data security.

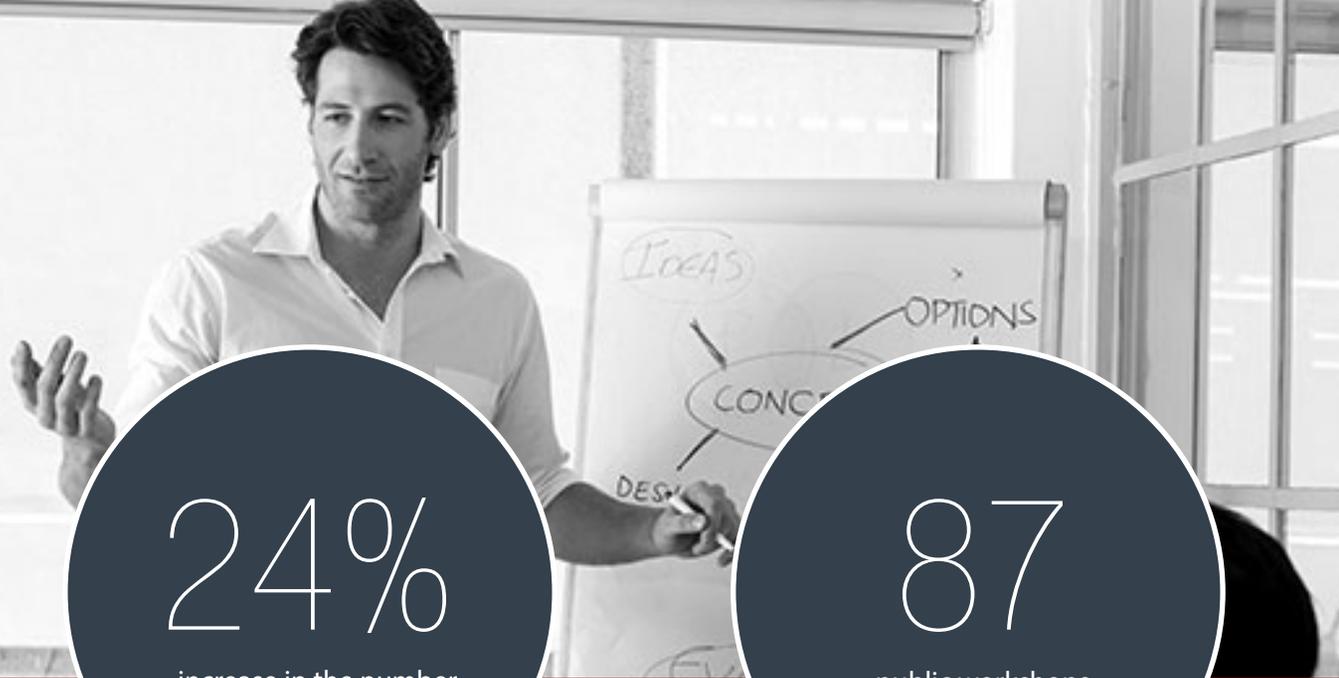
ITD’s accomplishments include:

- Many ITD initiatives focused on simplifying the filing process and payment experience for taxpayers. The INtax portal continued to reach more businesses in FY 2015. The number of businesses registered in INtax, since its creation, reached 309,000. Currently, more than 96% of all trust taxes, including retail sales tax and payroll withholding taxes, flow through INtax. During FY 2015, Food and Beverage Tax and County Innkeeper’s Tax were added to the portal. Within two months of availability, more than 80 percent of these taxes were being filed electronically through INtax.
- ITD supported the modernization of the tax processing systems for cigarette, other tobacco products, and alcohol. Antiquated special tax software applications were transitioned to new solutions.
- During FY 2015, the ITD team continued to make upgrades to encryption techniques and to enhance data security for the protection of sensitive taxpayer data files.

Taxpayer Services and Education – Providing valuable information and education is a priority for the Public Relations Division. Each year the department seeks taxpayer feedback as a primary means of discerning taxpayer education and information needs through surveys, web feedback, social media forums, email, and the department’s annual public hearing.

Working with various divisions and external partners, the division provides many services and education opportunities to the public:

- **Latino Outreach** – The department has continued to expand its Latino outreach by hosting a department Spanish-language website with key tax information, presenting at Latino events, writing articles for a bilingual statewide news media publication, translating selected forms and tax booklets into Spanish, and making bilingual employees available to provide assistance to Spanish-speaking taxpayers (www.impuestos.in.gov).
- **Correspondence** – New processes are in place for the evaluation, creation, and revision of all external correspondence to more effectively communicate with taxpayers. Approximately 80% of all department correspondence has been reviewed and extensively edited to ensure clarity and consistency.



- **Business Outreach Education Program** – When new and small Hoosier businesses have difficulty with taxes, it is often due to not understanding Indiana regulations regarding taxes. To address this issue, the department’s Business Outreach Education Program offers free business tax seminars and resources to Hoosier organizations and the public. The seminars discuss pertinent tax information for new and small businesses. Attendees have the opportunity to have questions answered by an experienced department representative. In FY 2015, the department held 5 new and small business seminars in partnership with the Indiana CPA Society and 6 seminars with Indiana chambers of commerce. 21 seminars were held specifically for convenience store owners.
- **Workshops/Seminars** – The department conducted 87 workshops and seminars throughout the year for various segments of the public, including several seminars offered to the tax schools of Indiana University and Purdue University. This was in addition to providing information and tax-training handbooks to Volunteer Income Tax Assistance volunteers and AARP Tax-Aide, which provide free tax preparation for disabled and low to moderate-income taxpayers.
- **Professional Groups** – The department increased its efforts to conduct presentations and meet on a regular basis with several professional groups. This includes speaking at their conferences and attending workshops to address specific issues. These groups include the Indiana Certified Public Accountants Society, Legal Bar Association, IRS symposiums, Indiana Society of Accountants, chambers of commerce, trade and hospitality associations, and many others.
- **Social Media Outreach** - The department continues to use Facebook and Twitter as means to reach individual and business taxpayers as well as organizations interested in tax updates, general information, and special tax news. The department’s social media tools provide another convenient method to allow the public to submit general questions, feedback, and comments for consideration. In FY 2015, Facebook fans increased by 29% and Twitter followers increased 24%. In addition to the social media sites, the department hosts a TaxTalk Blog with more than 2,000 subscribers.
 - o Facebook: www.facebook.com (search Indiana Department of Revenue)
 - o Twitter: www.twitter.com/INDeptofRevenue
 - o TaxTalk Blog: www.in.gov/dor/3877.htm



When a new or small business like “Joe Taxpayer’s” trucking company has a tax problem, it’s often due to not understanding Indiana regulations. Joe attended one of the department’s business outreach presentations for new and small businesses to make sure he started strong. To keep up to date on Indiana tax laws and fees, he never misses an issue of *Trucking Tips*. When he needs a refresher, he checks out the department’s online video library.

- **Video Library** – The Public Relations Division hosts a video library on the department website that provides taxpayers with step-by-step instructions and information on a variety of topics. New videos were created and produced in FY 2015 that cover important topics for both individual and business taxpayers. These include information about estimated taxes and identity protection.
- **External Publications** – The Public Relations Division, with the help of other divisions, creates and publishes four external publications:
 - o *BizTax* helps businesses better understand Indiana tax laws, the tax-filing process, and the services the department offers.
 - o *Tax Dispatch* is a publication for tax practitioners to learn about the most up-to-date legislation changes and other tips and techniques.
 - o *Fuel Tax Update* helps fuel taxpayers understand Indiana tax laws; the tax-filing process; and the services available to help them understand fuel tax policies, procedures, and changes.
 - o *Trucking Tips* helps intrastate and interstate motor carriers better understand Indiana tax laws and fees, motor carrier processes, and the services available from the department’s Motor Carrier Services Division.



Training and Development – Specific job skill materials and competency validation methods are developed to enhance accuracy and quality of work as well as soft skill training such as personal accountability, customer service and a leadership program for supervisors and managers. New additions to the library included Staying Engaged for non-management staff and Engaging Employees for leadership.

- **Education for Taxpayers** – Two training videos were produced for the Motor Carrier Services division to assist taxpayers with Full Reciprocity Plan and Base Plate Registration compliance.

Human Resources – The Human Resources Division continued to work under the State Personnel Department (SPD) shared services model. The key goals for the HR staff are to serve as liaison between SPD and the department for all HR functions. The director and generalists work with leadership and the department’s workforce to assist in reducing turnover for the department through communication of openings within the agency so that promotions can more efficiently occur as well as providing an open space in which to receive feedback to better make the department a satisfying place to work.

In addition to being measured by employee turnover and internal customer satisfaction, HR is measured by exit interview information and the length of time it takes to fill positions. The HR Division works to recruit and hire new employees as well as conduct onboarding for new employees. HR also plays a key role in performance management, employee goal setting, updating and creating job descriptions, training, discipline, appraisals, succession planning, employee relations, unemployment claims, and conducting exit interviews and hearings.

- **Employee Time Tracking** – During FY 2015, the HR Division successfully transitioned the department from a standalone system for time tracking to PeopleSoft Time and Labor, which is a statewide software tool that provides functions of financial management and human resources. This allows the department to be more efficient and increases consistency with the SPD shared services model.



Although “Joe Taxpayer” takes full advantage of the self-serve resources the department makes available to taxpayers. He appreciates the highly capable and helpful staff he has encountered during his interactions with the department. As someone who has his own employees, Joe knows that the department’s training and development and human resources efforts are key.

BUSINESS SUPPORT LOOKING FORWARD



Financial Management – The Finance Division will continue to invest resources, time, and energy to improve the agency’s accountability and controls throughout financial reporting and operational processes. Key initiatives include: supporting the governor’s revenue dashboard within the Management and Performance Hub, moving Indiana to a data-driven decision-making state; developing a key controls catalog, testing, and maintenance program for the department, further strengthening the control environment of the department; and continuing to drive fiscal responsibility within the department.

Future Communication and Customer Service Strategy – As a part of the department’s vision for future engagement with taxpayers, one very important strategic goal is to create a customer service and communication environment that allows for a high standard of excellence for one-on-one relationships between the department and taxpayers. This environment must allow for multiple synchronous and asynchronous means of communication. It must support both individual taxpayers as well as business taxpayers at all levels and for all tax types. It must also integrate seamlessly with any integrated tax management system the department acquires as well as the Business One Stop application being developed with the Secretary of State and Department of Workforce Development.

Information Technology Division – Release of the enhanced INtax portal will bring major improvements to support our tax filing simplification priority. In addition, enabling electronic filing of small business/partnership income tax returns for next year’s filing season represents a welcome enhancement, which business taxpayers and practitioners have been seeking.

ITD will continue to develop the systems providing additional reporting, analytics, and data matching tools to improve compliance, efficiency, and protection for taxpayers. Continued collaboration with the Business One Stop portal development team will also maintain focus on filing and registration simplification for Hoosier businesses.

Taxpayer Service and Education – Providing valuable services and education will continue to be a priority for the Public Relations Division. Each year, the department seeks taxpayer feedback as a primary means of discerning taxpayer education and information needs. The department will seek taxpayer input through surveys, focus groups, web feedback, social media forums, email, and the department’s annual public meeting on June 14, 2016.



The division will continue to audit all standard department correspondence to provide taxpayers improved and effective information, while lowering the department's printing costs. In addition, an effective and secure electronic communication solution is being sought.

The division will continue expanding outreach to educate small and new businesses about tax-related issues. The division is planning to make video versions of its outreach presentations available online in the video library.

Training and Development – To ensure the department is providing current leadership the tools they need to be successful, training and development initiatives will include an enhanced focus on leadership communication skills with the purchase and preparation for a 2016 roll out of *VitalSmarts, Crucial Conversations – Tools for Talking When Stakes Are High* training to all leaders in the agency. In addition, there will be a renewed emphasis on supervisor and manager responsibility for coaching and training.

Human Resources – Performance management, which includes job descriptions, goal setting, training, employee relations, and succession planning, will remain a top priority. Hiring managers will be empowered to directly manage more of the hiring process. The new employee orientation process will be revamped to make it more engaging and useful.

The divisions in Legal and Policy include:

Legal – Responsible for providing taxpayers with an independent administrative review of proposed tax assessments and refund requests. The division assists individual and business taxpayers in resolving tax liabilities after the taxpayers' routine administrative remedies have been exhausted. In addition, the division advises the rest of the department on matters of regulatory and statutory interpretation. Finally, partnering with the Attorney General's Tax Section, the Legal Division advises and assists in litigation.

Tax Policy – Interprets, evaluates, formulates, compiles, and disseminates tax law, policies, and procedures to taxpayers, practitioners, county officials, state legislators, other state agencies, and members of Governor Pence's administration. The division also serves as the department's liaison to the Indiana General Assembly, including attending and testifying before legislative committees, as well as assisting the Legislative Services Agency in the evaluation of fiscal impact statements of proposed legislation.

Administrative Law Judge – Addresses commercial motor carrier violations, certificates of convenience, and necessity licensing.

THE LEGAL & POLICY

DIVISIONS SERVE TAXPAYERS BY WORKING WITH LEGISLATORS AND OTHER GOVERNMENT
offices to establish tax legislation and by resolving a variety of tax issues.



LEGAL & POLICY LOOK BACK

Protests – The department’s Legal Division provides Indiana taxpayers an independent review of proposed tax assessments and a similar review of departmental decisions denying a tax refund. During FY 2015, the department received 628 protests. During FY 2015, the Legal Division resolved 565 protests after having conducted an informal review and issuing a written opinion addressing the legal factual issues in dispute in each protest.

To assist taxpayers with filing protests, the department issued an *Administrative Protest Guide* in June of 2015. The *Administrative Protest Guide* is available online at www.in.gov/dor/files/DOR_Protest_Guide.pdf.



Publication of administrative decisions in the Indiana Register aids Indiana taxpayers in complying with Indiana law by providing the public with information about the department’s official position concerning a specific set of facts and issues. Publication of decisions provides a level playing field for all taxpayers because these public documents are freely and openly available to any individual or business.



Assist in Tax Simplification – The department assisted Governor Pence and the Office of Management and Budget (OMB) in hosting the Indiana Tax Competitiveness and Simplification Conference at the Indiana Government Center on June 24, 2014. The conference brought together local and national tax experts and policy makers to focus on ways to create a more competitive business and individual tax climate in Indiana. Fresh ideas and best practices in state taxation were explored during the all-day conference, resulting in recommendations and ideas for the Blue Ribbon Commission, summer study committees, and future legislative sessions.





“Joe Taxpayer” filed a protest of an assessment. Once the protest was received by the department, it was assigned to a hearing officer. An administrative hearing, either in person or by phone, was held and a letter of finding issued. If Joe disagreed with the letter of finding for his protest, he may request an additional review of the issue.

Using the recommendations and ideas that surfaced during the Indiana Tax Competitiveness and Simplification Conference, the Legal Division supported the administration, General Assembly, and others in providing statistical and empirical data, tax simplification options, and innovative ideas for continuing to improve Indiana’s tax climate for individuals and businesses.

The legislature enacted many ideas to ease the tax and compliance burden on businesses. Indiana repealed its “throwback” rule for corporate income taxes, which increases Indiana’s attractiveness as a manufacturing hub. Indiana also expanded its sales tax exemption for the production of tangible personal property, which reduces tax pyramiding by narrowing the “double-direct” test. For other exemptions, Indiana enacted much clearer and simpler statutory language, which allows businesses to structure their activities with more certainty. Finally, Indiana modernized its definition of business income to comport with the latest trend in tax policy, eliminating much needless litigation.

The legislature also simplified the tax laws for individuals. Perhaps most importantly, Indiana recoupled its tax code to the current version of the Internal Revenue Code, a change that eliminates a major cause of confusion for taxpayers. In addition, Indiana eliminated almost 20 unique credits, deductions, and add-backs to the definition of adjusted gross income, all of which needlessly complicated the tax code and narrowed the tax base. Likewise, Indiana harmonized many filing deadlines and expanded the ability to expunge tax warrants for innocent taxpayers. These changes will ease the filing process for taxpayers.



All of these improvements are consistent with the principles of sound tax policy, including simplicity, stability, and fairness. Moreover, as a whole, the tax simplification package is projected to be revenue neutral.

“Cut Red Tape” Initiative - To support Governor Pence’s “Cut Red Tape” initiative, the department continues to modernize its regulations. In August 2013, the Administrative Rules Review project began.

Phase I was undertaken in 2012 when the department’s regulations that were outdated, repetitive, or superfluous were repealed. Prior to Phase II of the initiative, the department oversaw 18 articles in the Indiana Administrative Code (IAC) related to various taxes. Contained within those 18 articles were 86 administrative rules and 676 sections, accounting for a total of 375 pages.

Though there is a moratorium against promulgating any new regulations, the department has received approval to delete, simplify, and clarify its existing regulations. During FY 2015, the department completed its review of six articles, which resulted in the deletion of 3 articles in their entirety. Within these six articles, 140 sections were deleted and an additional 29 sections were simplified. This is a reduction of more than 20 percent.

LEGAL POLICY LOOKING FORWARD



Searchable Administrative Decisions – While continuing to publish administrative decisions in the Indiana Register, the department also will make these documents searchable via its website during FY 2016. This further levels the playing field for all taxpayers by making the information easier to find and review.

Further Tax Simplification - The division will continue to support the administration, General Assembly, and others in providing statistical and empirical data, tax simplification options, and innovative ideas for continuing to improve Indiana’s tax climate for individuals and businesses. Indiana will continue to examine ways to simplify and modernize its tax system. For instance, the legislature committed to exploring ways to reduce the time and expense of litigation. A newly created task force, with the department as an active participant, will publish a report in 2016 recommending ways to improve the efficiency of the dispute resolution process.

“Cut Red Tape” Initiative – The department will continue to implement Phase II, the repeal of selected existing rules or the reduction of their regulatory impact on taxpayers.

The department proposes to delete a total of 253 sections (approximately 129 pages of regulations) and to simplify an additional 183 sections, thus reducing the department’s regulations by more than 37 percent.



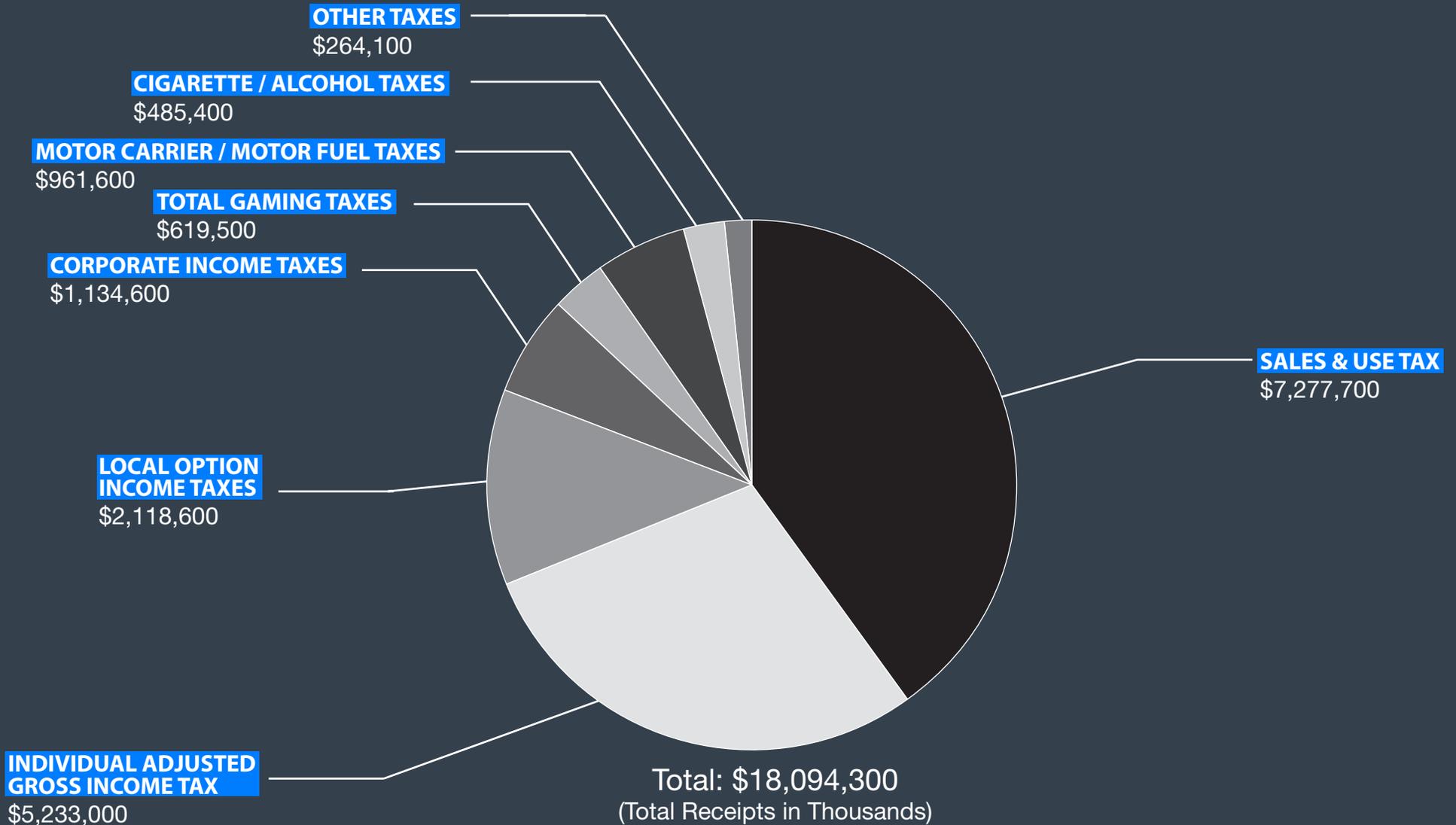
PART 03



The following section provides a total summary of taxes collected by the Indiana Department of Revenue in FY 2015, Indiana tax receipts by tax type, and descriptions for each tax type.

SUMMARY OF FISCAL YEAR 2015 TAX RECEIPTS

In FY 2015, the Indiana Department of Revenue collected more than \$18 billion representing 44 active tax types.



INDIANA TAX RECEIPTS

Tax Type	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	\$ incr (decr)	% incr (decr)
Aircraft License Excise Tax	\$509.9	\$517.7	\$577.9	\$445.2	\$491.9	\$557.3	\$65.5	13%
Aircraft Registration Fee	\$74.1	\$74.6	\$77.0	\$73.2	\$79.2	\$87.7	\$8.5	11%
Alcoholic Beverage Tax	\$40,143.3	\$43,935.4	\$44,154.2	\$45,248.0	\$45,954.7	\$46,063.6	\$108.9	0%
Alternative Fuel	\$0.0	\$0.0	\$0.0	\$0.0	\$232.4	\$864.9	\$632.6	272%
Auto Rental Excise Tax	\$9,483.2	\$10,459.6	\$11,184.1	\$10,563.2	\$12,511.3	\$12,543.8	\$32.4	0%
Aviation Fuel Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$1,501.9	\$1,720.3	\$218.4	15%
Charity Gaming Excise Tax	\$1,250.1	\$1,276.4	\$1,229.8	\$1,146.0	\$1,138.7	\$1,085.2	(\$53.6)	-5%
Cigarette / Other Tobacco Tax	\$482,042.6	\$478,612.9	\$456,170.5	\$461,636.8	\$447,561.4	\$439,264.5	(\$8,297.0)	-2%
Corporate Adjusted Gross Income Tax	\$428,347.0	\$625,961.9	\$700,296.1	\$669,063.9	\$764,355.1	\$777,777.5	\$13,422.4	2%
County Adjusted Gross Income Tax (CAGIT)	\$528,167.2	\$473,890.8	\$511,663.3	\$529,134.8	\$619,385.6	\$728,955.2	\$109,569.6	18%
County Economic Development Income Tax (CEDIT)	\$293,441.5	\$257,756.2	\$272,408.7	\$279,006.7	\$304,800.3	\$326,601.9	\$21,801.6	7%
County Innkeepers Tax (CIT)	\$37,596.2	\$42,443.9	\$49,261.0	\$49,577.1	\$51,566.0	\$61,088.7	\$9,522.7	18%
County Option Income Tax (COIT)	\$779,635.6	\$695,221.6	\$739,869.9	\$754,692.9	\$805,742.9	\$882,188.9	\$76,446.0	9%
Employment Agency Licensing Fee	\$30.5	\$24.8	\$28.1	\$33.8	\$30.8	\$27.6	(\$3.1)	-10%
Enhanced Prepaid Wireless Telecommunication Fee	\$0.0	\$2,098.4	\$2,357.2	\$4,769.6	\$5,454.0	\$5,772.1	\$318.1	6%
Estate Tax	\$16.7	\$10.8	\$0.0	\$0.0			\$0.0	
Financial Institutions Tax	\$71,225.4	\$55,575.7	\$94,212.1	\$112,521.2	\$102,391.6	\$125,795.4	\$23,403.8	23%
Fireworks Public Safety Fee	\$2,405.3	\$2,578.9	\$2,540.2	\$1,524.2	\$2,270.5	\$2,625.9	\$355.4	16%
Food and Beverage Tax	\$64,803.5	\$67,435.3	\$71,699.3	\$73,732.0	\$73,039.5	\$86,119.7	\$13,080.1	18%
Gasoline Tax	\$540,317.9	\$543,037.9	\$534,704.5	\$529,619.8	\$527,290.1	\$540,082.5	\$12,792.4	2%
Hazardous Chemical Fee	\$364.3	\$511.0	\$483.8	\$512.9	\$551.1	\$503.0	(\$48.1)	-9%
Hazardous Waste Disposal Tax	\$794.6	\$1,023.8	\$1,252.3	\$1,188.9	\$1,237.7	\$0.0	(\$1,237.7)	-100%
Indianapolis Motor Speedway	\$0.0	\$0.0	\$0.0	\$0.0	\$295.1	\$1,312.3	\$1,017.2	345%
Individual Adjusted Gross Income Tax	\$3,870,300.1	\$4,592,628.2	\$4,765,466.5	\$4,972,809.6	\$4,896,316.5	\$5,232,989.3	\$336,672.8	7%

INDIANA TAX RECEIPTS

(continued)

Tax Type	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	\$ incr (decr)	% incr (decr)
Inheritance Tax	\$133,173.1	\$148,664.0	\$176,026.5	\$165,479.2	\$87,712.2	\$4,594.7	(\$83,117.5)	-95%
International Registration Plan (IRP) Licensing Fee	\$83,148.2	\$89,598.7	\$91,289.4	\$93,387.9	\$96,099.9	\$103,792.9	\$7,693.0	8%
LOIT Reserve	\$0.0	\$0.0	\$0.0	\$207,954.0	\$200,798.4	\$180,844.0	(\$19,954.4)	-10%
Marion County Admissions Tax	\$7,598.7	\$7,144.0	\$6,606.9	\$8,259.4	\$14,151.7	\$13,166.5	(\$985.2)	-7%
Marion County Supplemental Auto Rental Excise Tax	\$3,831.1	\$4,136.3	\$4,127.1	\$4,997.3	\$6,486.2	\$7,654.5	\$1,168.3	18%
Motor Carrier Fuel Tax	\$2,063.7	\$1,624.4	\$903.6	\$835.7	\$796.2	\$570.9	(\$225.3)	-28%
Motor Carrier Surcharge Tax	\$76,875.6	\$87,739.0	\$87,046.2	\$94,228.2	\$99,272.1	\$91,690.5	(\$7,581.6)	-8%
Motor Vehicle Excise Tax	\$2.4	\$3.9	\$1.1	\$6.2	\$2.8	\$0.5	(\$2.3)	-81%
Oversize/Overweight Permit Fee	\$12,367.1	\$13,391.9	\$15,922.4	\$15,969.6	\$18,200.3	\$20,963.5	\$2,763.2	15%
Pari-mutuel Wagering Tax	\$4,909.0	\$2,985.2	\$2,614.6	\$2,156.8	\$1,963.2	\$1,879.4	(\$83.8)	-4%
Petroleum Severance Tax	\$1,425.7	\$1,825.4	\$2,211.6	\$2,421.3	\$2,500.3	\$2,015.1	(\$485.3)	-19%
Public Utility Tax (Railroad Car Companies/Railroads)	\$4,485.3	\$5,164.3	\$6,176.7	\$6,803.9	\$8,051.7	\$8,618.2	\$566.5	7%
Racino	\$121,482.7	\$130,163.0	\$117,459.2	\$105,823.7	\$110,829.1	\$110,663.7	(\$165.4)	-0%
Riverboat Admissions Tax	\$81,479.4	\$77,227.1	\$74,709.1	\$66,721.2	\$58,190.6	\$55,007.2	(\$3,183.4)	-5%
Riverboat Wagering Tax	\$678,127.0	\$656,934.6	\$630,712.0	\$579,759.5	\$485,331.9	\$452,301.9	(\$33,029.9)	-7%
Sales and Use Tax	\$5,958,915.7	\$6,265,193.6	\$6,631,953.0	\$6,801,736.4	\$7,003,425.5	\$7,277,738.2	\$274,312.7	4%
Solid Waste Management Fee	\$5,093.9	\$5,195.5	\$5,464.5	\$5,326.8	\$5,433.5	\$0.0	(\$5,433.5)	-100%
Special Fuel Tax	\$167,332.1	\$178,161.8	\$183,742.0	\$169,616.6	\$177,617.5	\$189,026.3	\$11,408.8	6%
Type II Gaming (Taverns)	\$354.1	\$396.9	\$390.4	\$416.5	\$403.5	\$414.4	\$10.9	3%
Underground Storage Tank Fee	\$48,091.4	\$47,449.9	\$49,236.4	\$46,238.4	\$51,191.9	\$50,987.4	(\$204.6)	-0%
Utility Services Use Tax	\$8,492.6	\$9,495.6	\$9,264.9	\$8,743.6	\$14,084.7	\$12,453.4	(\$1,631.3)	-12%
Utility Receipts Tax	\$190,494.7	\$199,072.3	\$201,016.9	\$215,468.0	\$219,406.9	\$218,597.1	(\$809.8)	-0%
Waste Tire Management Fee	\$1,347.5	\$1,352.8	\$1,364.4	\$1,362.5	\$1,467.6	\$1,533.0	\$65.4	4%
GRAND TOTAL	\$14,742,040.0	\$15,827,996.0	\$16,557,875.0	\$17,101,012.1	\$17,327,616.1	\$18,078,540.6	\$750,924.5	4%

INDIANA TAX DESCRIPTIONS



Aircraft License Excise Tax

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

Alcoholic Beverage Tax

Per-gallon rates are as follows: beer = \$0.115; liquor/wine (21% alcohol or more) = \$2.68; wine (less than 21% alcohol) = \$0.47; mixed beverages (14% or less) = \$0.47; malt = \$0.05. These taxes are collected by the Indiana Department of Revenue's Special Tax Division from alcohol distributors.

Alternative Fuel Tax

Alternative fuel tax imposes the retail sales tax on purchases of alternative fuels made between Jan. 1, 2014 and Dec. 31, 2016, if the fuel is used in a vehicle providing public transportation. The sales taxes collected are to be used in providing income tax credits for the purchase of heavy vehicles fueled by natural gas.

Auto Rental Excise Tax

A tax based on the gross retail income from the rental of a vehicle weighing less than 11,000 pounds for less than a 30-day period at a rate of 4%.



Aviation Fuel Tax

Excise tax collected by retailers of aviation fuel purchased in Indiana at the rate of ten cents (\$0.10) per gallon. This tax is added to the selling price of the aviation fuel. The United States, its agencies or instrumentalities, the state of Indiana and Indiana Air National Guard, and common carriers of passengers or freight are exempt from tax.

Charity Gaming Excise Tax

A tax based on the sale of pull tabs, punchboards, and tip boards to qualified organizations licensed for charity gaming at a rate of 10% of the wholesale price. It is remitted by the licensed distributor or manufacturer (not the organization).

Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10% of the price paid by the retailer that purchases the games. The entity distributing the pull tabs, punchboards, or tip boards is liable for the tax.



Cigarette/Other Tobacco Tax

Tax is levied against cartons or packs of cigarettes and cigarette papers, wrappers, and tubes at the following rates: pack of 20 cigarettes = \$0.995; pack of 25 cigarettes = \$1.24375; other tobacco products = 24% of wholesale price.

Corporate Adjusted Gross Income Tax

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

County Adjusted Gross Income Tax (CAGIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county that imposes the tax. Rates vary. (A county may adopt either the county adjusted gross income tax or the county option income tax, but not both.)

County Economic Development Income Tax (CEDIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county that imposes the tax. Rates vary.

County Innkeeper's Tax (CIT)

Tax determined locally on the gross income derived from lodging income. Tax may be collected either by the department or locally through the county treasurer's office.

County Option Income Tax (COIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county that imposes the tax. Rates vary. (A county may adopt the county option income tax or the county adjusted gross income tax, but not both.)



Estate Tax

A tax based on the difference between the state death tax credit allowed at the federal level and the amount paid in state inheritance tax. This tax was repealed in 2013 for deaths occurring after Dec. 31, 2012.

Financial Institutions Tax

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

Food and Beverage Tax

Tax determined locally for purchases of food and beverages for immediate consumption at a rate of 1% of the retail sales price. Marion County's rate is 2%. An additional 1% is allowed for units adopting under IC 6-9-35 for a combined rate of 2%.

Gasoline Tax

The gasoline tax is \$0.18 per gallon for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

Gasoline Use Tax

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



Hazardous Waste Disposal Tax

A tax based on the amount of hazardous waste placed in a disposal facility or by means of underground injection at a rate of \$11.50 per ton, paid by the operator of the disposal facility. Effective July 1, 2014, this tax has been repealed and replaced by a hazardous waste disposal fee found at IC 11-22-12-3.5. The hazardous waste disposal fee will be administered by the Indiana Department of Environmental Management.

Individual Adjusted Gross Income Tax

Individuals are taxed on federal adjusted gross income with numerous adjustments for individual residents, partners, stockholders in S corporations, trusts, estates, and nonresidents with Indiana income sources at a rate of 3.4%. Effective Jan. 1, 2015, the rate was reduced to 3.3% for 2015 and 2016. Effective Jan. 1, 2017, the rate will be further reduced to 3.23%.

Inheritance Tax

This tax is based on the taxpayer class (transferee's relationship to deceased), property's taxable value, residency status, and location of real and tangible property and intangible property. The inheritance tax was repealed effective Jan. 1, 2013.

LOIT Reserve

In FY 2013, individual tax revenue was transferred into the local option tax reserve to provide a first layer of protection when the economy declines.

Marion County Admissions Tax

Specific to Lucas Oil Stadium, the Indiana Convention Center, Victory Field, and Bankers Life Fieldhouse in Indianapolis for any event at a rate of 10% of the admission price (does not include events sponsored by educational institutions or religious or charitable organizations).





Marion County Supplemental Auto Rental Excise Tax

A tax based on the gross retail income from the rental of a motor vehicle or truck in Marion County weighing less than 11,000 pounds for less than a 30-day period at a rate of 6%. Revenue from the tax is paid to the Capital Improvement Board of Managers.

Motor Carrier Fuel Tax

The per-gallon rate is \$0.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

Motor Carrier Surcharge Tax

The per-gallon rate is \$0.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

Motorsports Investment District Tax

Specific to the Indianapolis Motor Speedway in Indianapolis for admission on a race (does not include admissions for non-race events or race qualifications). The fee is imposed at 2% on admission charges of less than \$100, 3% on admissions charges of \$100 but not more than \$150, and 6% on admissions charges of \$150 or greater.

Motor Vehicle Excise Tax

The Indiana Department of Revenue's compliance program is aimed at locating vehicles owned by Indiana residents and registered illegally out of state, thus avoiding state vehicle excise tax. It is based on the age and class of the vehicle, plus penalty and interest for the time period the vehicle is illegally registered. (Except for this program, the motor vehicle excise tax is collected by the Bureau of Motor Vehicles.)



Pari-Mutuel Wagering Tax

A 2% levy is imposed on the total amount of money wagered on live races and simulcasts conducted at a permit holder's racetrack. The tax is 2.5% of the total amount of money wagered on simulcasts from satellite facilities.



Petroleum Severance Tax

A tax levied against producers or owners of crude oil or natural gas and imposed at the time these products are removed from the ground at a rate equal to the greater of either 1% of the petroleum value or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

Public Utility Tax (Railroad Car Companies/Railroads)

A tax based on assessments by the Indiana Department of Local Government Finance on the indefinite location distributable property of a railroad company that provides service within a commuter transportation district.



Racino Slot Machine Wagering Tax

Slot machine wagering tax. A pari-mutuel racetrack owner who conducts slot machine gaming at the owner's racetrack is responsible for this and is subject to a graduated tax on adjusted gross receipts from 25% to 35%.

Riverboat Admissions Tax

A tax imposed on a person or an organization that holds an owner's license for riverboat gambling operations at a rate of \$3 per person admitted.

Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5% is levied against its adjusted gross receipts (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15% to 40%, depending on the amount of adjusted gross receipts. Indiana law allows gaming licensees to deduct AGR attributable to free-play wagering at any time during the year. The total amount deducted by a licensee for free-play may not exceed \$5 million annually in FY 2014 through FY 2016.



Beginning in FY 2014, the lowest tax bracket of 15% can change to 5% if the riverboat had less than \$75 million of AGR during the preceding state fiscal year. An additional tax of \$2.5 million is imposed if the riverboat taxed under the alternative schedule receives AGR exceeding \$75 million in a particular state fiscal year.

Sales and Use Tax

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

Special Fuel Tax

A license tax of \$0.16 per gallon is imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles.

Utility Receipts Tax

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

Utility Services Use Tax

The utility services use tax is an excise tax imposed on the retail consumption of utility services in Indiana. The rate is 1.4% and is imposed if the utility service provider is not subject to the utility receipts tax.

Miscellaneous Fees



Aircraft Registration Fee

All Indiana aircraft are required to be registered with the aeronautics section of the Tax Administration Division, where an annual \$10 registration/transfer fee is collected. An additional fee of \$20 or 20% of any unpaid excise tax (whichever is greater) is charged on all late registrations. There is also an annual aircraft dealer's fee of \$25.

Employment Agency Licensing Fee

A person, firm, or corporation opening, operating, or maintaining an employment agency must pay an annual \$150 fee for each license.

Enhanced Prepaid Wireless Telecommunication Fee

Fee collected by a seller of prepaid wireless telecommunication service to another person. The fee is \$0.50 per retail transaction and supports wireless 911 service.



Fireworks Public Safety Fee

A fee of 5% of the retail price of fireworks sold in Indiana.

Hazardous Chemical Fee

An annual fee is imposed on a facility that must submit to the state an emergency and hazardous chemical inventory form. Fees are \$50, \$100, or \$200, depending on the volume of hazardous chemicals present at the facility during the year.

International Registration Plan (IRP) Licensing Fee

Licensing fee for motor carriers based on miles driven in specific jurisdictions.

Oversize /Overweight Permit Fee

Various categories of permits for motor carriers are issued for different periods of time, based on a vehicle's specific dimension and/or size and the travel activity. Fees can range from \$10 to more than \$400.



Solid Waste Management Fee

A fee imposed on the disposal or incineration of solid waste in a final disposal facility within the state at a rate of \$0.50 per ton of waste generated in the state minus the fee actually charged for the disposal or incineration of the solid waste by the owner or operator of the final disposal facility.

Underground Storage Tank Fee

An annual registration fee is imposed on owners of underground storage tanks. This fee is \$90 for each underground petroleum storage tank and \$245 for each underground storage tank containing regulated substances other than petroleum. Effective July 1, 2014, administration, collection, and enforcement of the underground storage tax fee has been transferred to the Indiana Department of Environmental Management.

Waste Tire Management Fee

A \$0.25 tire fee is assessed on each new tire sold at the retail level and each new tire mounted on a vehicle at the time a vehicle is sold. It is imposed on tires for self-propelled motor vehicles only.





PART 04



The following section provides the department's FY 2015 audit statistical study and corresponding audit exhibits. In addition to reporting the compliance issues found in department audits, the department reports areas of recurring taxpayer noncompliance and solutions taxpayers can take to lessen these noncompliance issues as well as what steps the department is taking to assist in these areas.

AUDIT DIVISION STATISTICAL STUDY

The Audit Division Statistical Study addresses the requirements set forth by IC 6-8.1-14-4 (2). The information is based on 100 percent of the audits completed and taxpayers assisted during FY 2015.

The following information includes:

- Amounts of tax assessed, [p. 53](#)
- Industries/businesses most frequently in violation, [p. 53](#)
- Number of years in the audit period, [p. 54](#)
- Index of exhibits and charts, [p. 55](#)
- Taxpayers served in district offices, [p. 56](#)
- Sales/use tax violations, [p. 58](#)
- Adjusted gross income and financial institutions tax violations, [p. 63](#)
- Special tax violations, [p. 66](#)
- Miscellaneous code violations, [p. 68](#)

Taxpayers Served in District Offices

Taxpayer assistance is available in all 12 district offices. Each office has taxpayer assistance staff who provide taxpayer-service functions.

The "Taxpayer Assistance Report by District Office" (Exhibit A) provides the number of taxpayers assisted. This includes taxpayers assisted in person, by telephone, or by means of fax or email correspondence. Exhibit A reveals that during FY 2015, district offices served 172,866 taxpayers.

Sales/Use Tax Violations

Audit assessments for Indiana sales/use tax typically occur in a few main areas. Use tax is due on any purchases of personal property stored, used, or consumed in Indiana if sales tax was not paid at the time of the purchase and no valid exemption applies. In FY 2015, general use tax rule violations [45 IAC 2.2-3] accounted for approximately \$8.1 million in audit adjustments.



Often, the department determines that use tax is due from business taxpayers that erroneously believe an exemption from sales/use tax should apply. This is especially true of manufacturers and processors, who gain various exemptions from Indiana sales/use tax under 45 IAC 2.2-5 (primarily section 8).

Indiana retail merchants are required to collect sales tax on all sales of personal property unless the buyer offers proof of exemption.

Adjusted Gross Income and Financial Institutions Tax Violations

Individuals and regular corporations are liable for adjusted gross income tax. Financial institutions are subject to financial institutions tax (FIT), which is computed in much the same way a corporation computes its adjusted gross income tax. During FY 2015, the statute or regulation that yielded the largest corporate adjusted gross income tax adjustments was IC 6-3-2-2. This rule provides for the apportionment of adjusted gross income or allocation of income among members of affiliated groups. Adjustments made under this statute totaled approximately \$21 million this fiscal year.



Special Taxes

Field auditors assigned to these special tax audits perform audits not only for Indiana, but often for many other jurisdictions when examining reports for the IFTA and the IRP. Special tax auditors also audit a variety of excise taxes: cigarette, other tobacco products (OTP), beer and wine excise tax, and other fuel excise taxes. This group recently conducted several audits on cigarette and OTP taxes, prompted by an increased risk of noncompliance in this area and the industry’s general lack of consistency in reporting. As a result, the largest adjustments to tax dollars in the special tax area are attributed to cigarette and OTP tax due from Indiana distributors, required by IC 1-6-7-1 and IC 6-7-2. Adjustments made under these statutes totaled approximately \$1.25 million in FY 2015.

Amounts of Tax Assessed

Exhibits C, D, E, and F display the amount of assessments (refunds) of the sales/ use tax, adjusted gross income and financial institutions tax, special tax, and miscellaneous tax violations, respectively. “Total assessments” for any tax type represent gross assessments less amounts refunded.

The amount assessed or refunded for each of the most frequent violations and the percentage of the amount to total net assessments are as follows:

The amount assessed or refunded for each of the most frequent violations and the percentage of the amount to total net assessments are as follows:

Sales/Use Tax – Exhibit C:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
45 IAC 2.2-8-12	\$54,970,274	59%
45 IAC 2.2-5-8	\$6,196,087	7%
45 IAC 2.2-6-8	\$5,606,607	6%

Adjusted Gross Income and Financial Institutions Taxes – Exhibit D:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
IC 6-3-2-2	\$21,093,623	33%
45 IAC 3.1-1-111	\$15,027,228	24%
IC 6-3-2-20	\$6,778,940	11%

Special Tax – Exhibit E:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
IC 6-7-2-7	\$ 1,096,778	37%

Miscellaneous Tax Violations – Exhibit F:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
IC 6-8.1-9-1	\$1,547,113	42%

Industry/Business Most Frequently in Violation

Sales and use tax

For the FY 2015 reporting period, taxpayers in wholesale, retail, and transportation businesses accounted for the most violations of the sales and use tax rules. This group accounted for 1,171 violations (40% of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 196 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 the department.

The second largest number of sales and use tax violations was committed by taxpayers in the manufacturing industry. This group committed 528 violations (18% of the total violations) for FY 2015. The most frequently violated rule of this group was 45 IAC 2.2-5-8 with 169 violations. Rule 5-8 stipulates that sales of manufacturing machinery, tool and equipment used in direct production, manufacture, fabrication, assembly, or finishing of other tangible personal property are not exempt for sale and use tax purposes.

Adjusted gross income and financial institutions tax

For the FY 2015 reporting period, unclassified taxpayers engaged in unrelated business activities such as debt-finance, rental of real estate, investment and passive income of exempt organizations, rental of personal property, and other miscellaneous activities accounted for the most violations of the adjusted gross income tax rules. This group accounted for 2,074 violations (79% of the total violations). The rule most frequently violated by this group was IC 6-3-4-6 with 1295 violations. This code requires taxpayers to notify the department and file amended returns when a federal modification is made.

Taxpayers in wholesale, retail, and transportation committed the second largest number of adjusted gross income tax violations. This group committed 232 violations (9 %of the total violations) for FY 2015. The rule most frequently violated by this group was IC 6-3-4-8 with 160 violations. This code defines income withholding requirements and penalties related to failure to withhold.

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 on this chart.

Special tax violations

Exhibit E provides the special tax assessments and refunds by citation.

IFTA R800 was the most frequently violated special tax item in the study for FY 2015. It relates to motor fuel use taxes that are imposed on the consumption of motor fuel in qualified motor vehicles. This rule was violated 71 times.



The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2015 was the wholesale, retail, and transportation industries. This group committed 476 violations, accounting for over 76 percent of the total violations.

Miscellaneous Code Violations

Exhibit F provides the assessment amounts for miscellaneous code violations. In FY 2015, the most violated miscellaneous code section was IC 6-8.1-9-1, which accounted for 22 (48%) of the violations. These violations yielded \$1.796.359 in net assessments and/or refund reductions in FY 2015. IC 6-8.1-9-1 covers filing of refund claims, time limitations, and excess tax payments.

Number of Years in the Audit Period

The audit period averages three years.

AUDIT EXHIBITS

Taxpayer Assistance Report by District Office	Exhibit A	Page 56
Standard Industrial Codes	Exhibit B	Page 57
Sales and Use Tax Audits Dollars Assessed by Industrial Code	Exhibit C	Page 58
Adjusted Gross Income Tax Audits Dollars Assessed by Industrial Code	Exhibit D	Page 63
Special Tax Audits Dollars Assessed by Industrial Code	Exhibit E	Page 66
Miscellaneous Violations Dollars Assessed by Industrial Code	Exhibit F	Page 68

EXHIBIT A

TAXPAYER ASSISTANCE REPORT BY DISTRICT OFFICE

	Walk-in Assistance	Phones/Fax/Email	Totals
Bloomington	7,270	7,289	14,559
Clarksville	7,736	14,891	22,627
Columbus	3,767	7,667	11,434
Evansville	5,900	11,326	17,226
Fort Wayne	5,975	8,351	14,326
Kokomo	4,931	12,529	17,460
Lafayette	4,741	9,324	14,065
Merrillville	9,614	6,816	16,430
Muncie	4,212	7,180	11,392
South Bend	6,647	8,285	14,932
Terre Haute	3,490	14,925	18,415
Totals	71,841	82,009	153,850

EXHIBIT B

STANDARD INDUSTRIAL CODES



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

The Standard Industrial Codes (SIC) used in the Audit Division reports and exhibits are based on the North American Industry Classification System (NAICS). Refer to the text to understand the industry classification numbering system.

EXHIBIT C

DOLLARS ASSESSED BY INDUSTRIAL CODE SALES AND USE TAX AUDITS

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
45 IAC 2.2-1-1		1,379		142,159			5,355	47		\$148,940
45 IAC 2.2-2-1			2,379	644,844	21,831		81,384			\$750,437
45 IAC 2.2-2-2		59,025	22,081	1,576,084	27,968		113,437	2,021		\$1,800,616
45 IAC 2.2-3-1				(8,173)						(\$8,173)
45 IAC 2.2-3-4	161,472	92,409	269,585	2,580,505	295,333	613,687	296,131	47,769	11,939	\$4,368,830
45 IAC 2.2-3-5		4,737	11,113	24,126				1,026		\$41,001
45 IAC 2.2-3-8		9,298	136							\$9,433
45 IAC 2.2-3-9		91,390	7,810	43,928	3,046	(54)				\$146,121
45 IAC 2.2-3-10							9			\$9
45 IAC 2.2-3-11						69				\$69
45 IAC 2.2-3-12		672,846	710	148,047						\$821,603
45 IAC 2.2-3-13		(157,126)	(29,917)	35,315	(10,000)		(1,481)			(\$163,209)
45 IAC 2.2-3-14				(4,176)						(\$4,176)
45 IAC 2.2-3-15	2,386	1,416	15,570	19,988	2,244					\$41,605
45 IAC 2.2-3-16	150			(737)						(\$588)
45 IAC 2.2-3-18			17,183						4,925	\$22,108
45 IAC 2.2-3-20	3,050	92,905	405,917	1,124,119	1,524,399	5,016	30,502	121,628	213,813	\$3,521,349
45 IAC 2.2-3-22			339	3,314						\$3,652
45 IAC 2.2-3-24	897			6,158	27,073	186				\$34,315
45 IAC 2.2-3-25	3,591	(44,637)		(1,132)	(39,158)					(\$81,335)
45 IAC 2.2-3-26		6,572								\$6,572
45 IAC 2.2-3-27		57,895	(881)	90,203	4,680	9,851	6,339	5,758	300	\$174,144
45 IAC 2.2-3-4							(930,396)			(\$930,396)
45 IAC 2.2-3-5									105,363	\$105,363
45 IAC 2.2-4-1	11,713	36,755	3,314	(94,940)	2,561,277	20	12,786	12,634		\$2,543,560
45 IAC 2.2-4-2		49,092	(5,709)	1,892	2,884			(26,192)		\$21,967
45 IAC 2.2-4-3		86	(11,536)	83,165	47		19,260	46		\$91,068
45 IAC 2.2-4-4				22						\$22
45 IAC 2.2-4-8				226			1,689			\$1,915
45 IAC 2.2-4-9					519					\$519
45 IAC 2.2-4-13		(656)	(50,806)							(\$51,462)

*For SIC explanation, see page 57.

**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

EXHIBIT C

DOLLARS ASSESSED BY INDUSTRIAL CODE SALES AND USE TAX AUDITS

(continued)

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
45 IAC 2.2-4-2				(11,956)							(\$11,956)
45 IAC 2.2-4-20				3,200							\$3,200
45 IAC 2.2-4-21		4,981									\$4,981
45 IAC 2.2-4-22		1,361,286	2,687	5,772							\$1,369,745
45 IAC 2.2-4-26		222,022		21,242					10,585		\$253,849
45 IAC 2.2-4-27		5,881	2,520	13,373	15,524		503		1,827		\$39,627
45 IAC 2.2-4-28					10,159						\$10,159
45 IAC 2.2-4-33				32,098							\$32,098
45 IAC 2.2-5									1,712,193		\$1,712,193
45 IAC 2.2-5-1	3,000			176							\$3,177
45 IAC 2.2-5-4	22,668			2,327							\$24,995
45 IAC 2.2-5-5	4,376										\$4,376
45 IAC 2.2-5-6	4,113			4,528							\$8,640
45 IAC 2.2-5-8	17,470	3,975	5,818,180	293,729	42,023		25,916	(5,206)			\$6,196,087
45 IAC 2.2-5-9	3,388	(23,877)									(\$20,489)
45 IAC 2.2-5-10	374,776	38,566	39,933	16,634			29,786	769			\$500,463
45 IAC 2.2-5-12			87,885	8,815			22,354				\$119,054
45 IAC 2.2-5-13	699			2,728							\$3,427
45 IAC 2.2-5-14		(30,786)	190	(530)	(3,754)			(2,171)			(\$37,052)
45 IAC 2.2-5-15		(9,355)	(10)	38,085	(1,677)		1,229	(15,494)			\$12,779
45 IAC 2.2-5-16			4,357	(11,109)				(26)			(\$6,778)
45 IAC 2.2-5-20					(25,644)						(\$25,644)
45 IAC 2.2-5-24						(108)					(\$108)
45 IAC 2.2-5-26	13	11	49	2,327	271	129	88	15	7		\$2,911
45 IAC 2.2-5-28						4,067			117		\$4,184
45 IAC 2.2-5-36						29,189					\$29,189
45 IAC 2.2-5-38							(13,528)	4,537			(\$8,991)
45 IAC 2.2-5-4 (c)	3,371										\$3,371
45 IAC 2.2-5-43				2,698			14,463				\$17,161
45 IAC 2.2-5-5							12,747				\$12,747
45 IAC 2.2-5-54		(16,172)									(\$16,172)

*For SIC explanation, see page 57.

**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

EXHIBIT C

DOLLARS ASSESSED BY INDUSTRIAL CODE SALES AND USE TAX AUDITS

(continued)

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
45 IAC 2.2-5-61				(159,940)						(\$159,940)
45 IAC 2.2-5-8			(15,202)							(\$15,202)
45 IAC 2.2-6-1		10,494	(1,500)	61,935	38,100			(9,934)		\$99,096
45 IAC 2.2-6-4				(8,653)						(\$8,653)
45 IAC 2.2-6-6				16,080						\$16,080
45 IAC 2.2-6-8	(474)	32,611	1,246,846	4,003,826	6,129	3,928	179,007	128,219	6,517	\$5,606,607
45 IAC 2.2-6-14		1,150		12	648					\$1,810
45 IAC 2.2-6-8				(1,315)						(\$1,315)
45 IAC 2.2-6-8 (a)				(80,285)						(\$80,285)
45 IAC 2.2-7-2				25,354						\$25,354
45 IAC 2.2-7-3				13,634						\$13,634
45 IAC 2.2-7-6				105,838						\$105,838
45 IAC 2.2-7-7				22,546						\$22,546
45 IAC 2.2-8-6				117						\$117
45 IAC 2.2-8-12		4,203	15,355	286,026	54,585,315		3,749	24,275	51,352	\$54,970,274
45 IAC 2.2-6-8									2,574	\$2,574
IC 6-2.5-1-5			717	4,754	1,936		7,815		12	\$15,234
IC 6-2.5-1-14			1,274	157						\$1,431
IC 6-2.5-1-24			779	115				7		\$900
IC 6-2.5-3-2				8,750						\$8,750
IC 6-2.5-3.5-21				(25,846)						(\$25,846)
IC 6-2.5-4-6					81,879					\$81,879
IC 6-2.5-4-17			446	1,452	522					\$2,420
IC 6-2.5-5-1			89,930							\$89,930
IC 6-2.5-5-20				125,520		(2,187)				\$123,333
IC 6-2.5-5-35							(4,010)			(\$4,010)
IC 6-2.5-5-40			(492)	5						(\$487)
IC 6-2.5-5-45.8			(4,462)	26,479	(78)					\$21,939
IC 6-2.5-6-1				90,016				35,188		\$125,204
IC 6-2.5-6-9				(126,623)						(\$126,623)

*For SIC explanation, see page 57.

**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

EXHIBIT C

DOLLARS ASSESSED BY INDUSTRIAL CODE SALES AND USE TAX AUDITS

(continued)

Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
IC 6-2.5-7-1				11,804							\$11,804
IC 6-2.5-7-3				2,650							\$2,650
IC 6-2.5-7-5				406,509							\$406,509
IC 6-2.3-6-1									1,000		\$1,000
IC 6-2.5-1-18									81		\$81
IC 6-2.5-1-5					22,082						\$22,082
IC 6-2.5-2-1		73,206	633,531	946,909	2,793,615	174,205	107,209	95,439	245		\$4,824,360
IC 6-2.5-3									60		\$60
IC 6-2.5-3.5			123	83,693							\$83,816
IC 6-2.5-3.5-25	755			1,667		1,606			2,637		\$6,665
IC 6-2.5-3-2			(15,726)						97		(\$15,629)
IC 6-2.5-3-5				279							\$279
IC 6-2.5-3-7					891				442		\$1,333
IC 6-2.5-4-1(e)									56		\$56
IC 6-2.5-4-10									39		\$39
IC 6-2.5-4-2		1,563	8,314	12,016			3,333				\$25,226
IC 6-2.5-4-2.5			2,519	5,109							\$7,627
IC 6-2.5-4-4								4,171			\$4,171
IC 6-2.5-4-4(a)(1)							3				\$3
IC 6-2.5-4-5	730	1,547	22,846	1,978							\$27,102
IC 6-2.5-5		2,826	89,217	226,184			7,050		33,974		\$359,250
IC 6-2.5-5-13							8,062				\$8,062
IC 6-2.5-5-16		(1,713)							8,261		\$6,549
IC 6-2.5-5-18									516		\$516
IC 6-2.5-5-19						44,206					\$44,206
IC 6-2.5-5-2	1,869										\$1,869
IC 6-2.5-5-20				6,934							\$6,934
IC 6-2.5-5-21								116			\$116
IC 6-2.5-5-25						1				13	\$14
IC 6-2.5-5-26						1,882					\$1,882

*For SIC explanation, see page 57.

**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

EXHIBIT C

DOLLARS ASSESSED BY INDUSTRIAL CODE SALES AND USE TAX AUDITS

(continued)

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
IC 6-2.5-5-27				4,226						\$4,226
IC 6-2.5-5-3			11,426							\$11,426
IC 6-2.5-5-4			27,416							\$27,416
IC 6-2.5-5-5.1	4		1,662	79			71,397			\$73,142
IC 6-2.5-5-8(b)				565						\$565
IC 6-2.5-5-9				29,207						\$29,207
IC 6-2.5-6-14.1				105	2					\$107
IC 6-2.5-6-9				602	1,969,528					\$1,970,130
IC 6-2.5-7	2		3,877	27,462					9,781	\$41,122
IC 6-2.5-7-3				974						\$974
IC 6-2.5-7-4	274			6,937		1,514				\$8,726
IC 6-2.5-8-8		57	1							\$57
IC 6-2.5-5-40						25,643				\$25,643
Totals	620,292	2,655,860	8,731,977	13,004,914	63,959,615	912,850	112,191	424,640	2,178,725	\$92,601,062

*For SIC explanation, see page 57.

**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

EXHIBIT D

DOLLARS ASSESSED BY INDUSTRIAL CODE ADJUSTED GROSS INCOME TAX AUDITS

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
45 IAC 3.1-1									1,400,720	\$1,400,720
47 IAC 3.1-1-1									216,433	\$216,433
47 IAC 3.1-1-2									160,754	\$160,754
45 IAC 3.1-1-3									6,493	\$6,493
47 IAC 3.1-1-5									6,146	\$6,146
47 IAC 3.1-1-8		2,425	287,466	17,034	3,000	74,439			84,357	\$468,721
45 IAC 3.1-1-9			(4,068,993)	(801,229)	27,000	(170,508)				(\$5,013,730)
45 IAC 3.1-1-25									2,189	\$2,189
45 IAC 3.1-1-37		640,052						(3,759)		\$636,293
45 IAC 3.1-1-38			2,306,428		17,703		3,369,229			\$5,693,361
45 IAC 3.1-1-40			1,418							\$1,418
45 IAC 3.1-1-47				(24,957)						(\$24,957)
47 IAC 3.1-1-50		217	(110,747)	1,484,709	(805,094)	63,103				\$632,188
45 IAC 3.1-1-53			31,196	219,117						\$250,313
45 IAC 3.1-1-55						652,820				\$652,820
45 IAC 3.1-1-62		(750,000)								(\$750,000)
47 IAC 3.1-1-66				13,560	2,464				244,343	\$260,367
45 IAC 3.1-1-67									23,910	\$23,910
45 IAC 3.1-1-68									5,091	\$5,091
45 IAC 3.1-1-94						9,003				\$9,003
47 IAC 3.1-1-97		56,983	178,451	140,997	40,617	20,357	15,897	20,900	26,654	\$500,857
47 IAC 3.1-1-106					2,097				15,490	\$17,587
47 IAC 3.1-1-107			(2,914)				40,327		(20,208)	\$17,205
47 IAC 3.1-1-109			15,899							\$15,899
45 IAC 3.1-1-110					18,568					\$18,568
45 IAC 3.1-1-111		11,500,000		(132,772)	3,660,000					\$15,027,228
45 IAC 3.1-1-153		339		1,749						\$2,088
45 IAC 3.1-1-71									4,226	\$4,226
IC 4-10-22-4									(555)	(\$555)
IC 6-2.3-1-4					212,818					\$212,818
IC 6-2.3-5-3		(310,839)								(\$310,839)

*For SIC explanation, see page 57.

**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

EXHIBIT D

DOLLARS ASSESSED BY INDUSTRIAL CODE ADJUSTED GROSS INCOME TAX AUDITS

(continued)

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
IC 6-3-1-3.5		200,474	4,077	1,805,354	123,851		2,675	95,532	31,916	\$2,263,879
IC 6-3-2-1									(476)	(\$476)
IC 6-3-2-2		464	4,092,118	10,339,281	2,883,282		3,778,478			\$21,093,623
IC 6-3-2-2.6			740	5,889	0					\$6,629
IC 6-3-2-20			414,205	(2,969,442)	9,334,177					\$6,778,940
IC 6-3-4-6				1,406		2,492				\$3,898
IC 6-3-4-8			13,315	6,183		2,763	9,185			\$31,447
IC 6-3-4-13				28,035	1,028		8,248			\$37,311
IC 6-3-4-14			50,052							\$50,052
IC 6-3.1-1-1									(191)	(\$191)
IC 6-3.1-4-1			23,521		103,007				178,195	\$304,723
IC 6-3.1-4-7	2,270				1,706				1,882,505	\$1,886,481
IC 6-3.1-24-12									(1,415)	(\$1,415)
IC 6-3.1-26-16									(9,469)	(\$9,469)
IC 6-3.5-6-1		3,532		289					(6,092)	(\$2,272)
IC 6-5.5-4-2									16,842	\$16,842
IC 6-5.5-4-3					350,067					\$350,067
IC 6-5.5-5-2					20,686					\$20,686
IC 6-2.3-2-1					293,312					\$293,312
IC 6-3									1,235,418	\$1,235,418
IC 6-3.1-4			(512,558)							(\$512,558)
IC 6-3.4-4-4.1			793							\$793
IC 6-3.5-6-1			356,824							\$356,824
IC 6-3-1-13									1,121	\$1,121
IC 6-3-1-3.5		15,241	2,468,807	1,164,571	436,839	6,434	75,678	12,615		\$4,180,185
IC 6-3-1-3.5(b)			75,906							\$75,906
IC 6-3-2-2.6						6,445				\$6,445
IC 6-3-2-2.8								151		\$151
IC 6-3-3-1									96	\$96
IC 6-3-4-1		1,586	1,428	707						\$3,721
IC 6-3-4-10					2,693					\$2,693

*For SIC explanation, see page 57.

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

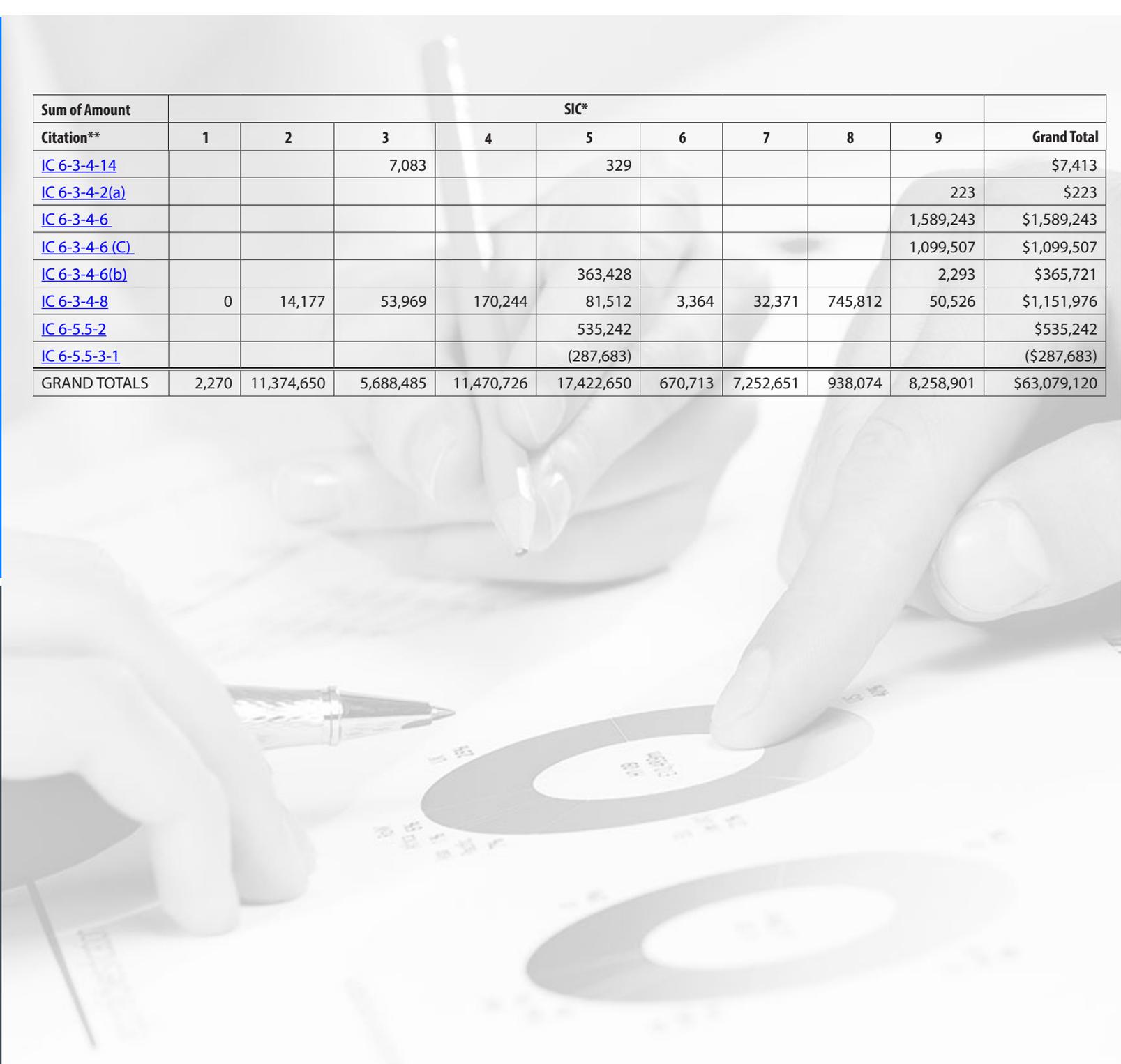
To view the IC citation, visit www.in.gov/legislative/ic/code

EXHIBIT D

DOLLARS ASSESSED BY INDUSTRIAL CODE ADJUSTED GROSS INCOME TAX AUDITS

(continued)

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
IC 6-3-4-14			7,083		329					\$7,413
IC 6-3-4-2(a)									223	\$223
IC 6-3-4-6									1,589,243	\$1,589,243
IC 6-3-4-6 (C)									1,099,507	\$1,099,507
IC 6-3-4-6(b)					363,428				2,293	\$365,721
IC 6-3-4-8	0	14,177	53,969	170,244	81,512	3,364	32,371	745,812	50,526	\$1,151,976
IC 6-5-5-2					535,242					\$535,242
IC 6-5-5-3-1					(287,683)					(\$287,683)
GRAND TOTALS	2,270	11,374,650	5,688,485	11,470,726	17,422,650	670,713	7,252,651	938,074	8,258,901	\$63,079,120



*For SIC explanation, see page 57.

**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

EXHIBIT E

DOLLARS ASSESSED BY INDUSTRIAL CODE SPECIAL TAX AUDITS

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
45 IAC 2.2-4-27					796					\$796
IC 6-7-1-19				103,818						\$103,818
A550	13,219			5,871						\$19,090
Article X-1005				(27)						(\$27)
CVET Billing		4		208						\$212
IC 16-44-2-18.5			(39,116)							(\$39,116)
IC 6-6-13				(661)						(\$661)
IC 6-6-4.1-4	173	(980)		1,624						\$817
IC 6-6-6.5				115	141					\$256
IC 6-6-9-7				(296)	281,605					\$281,309
IC 6-7-2-7			596	1,077,057			15,573		3,552	\$1,096,778
IC 16-44-2-18			17,420							\$17,420
IC 6-6-1.1-201			(75,782)							(\$75,782)
IC 6-6-2.5-28			615,845							\$615,845
IC 6-6-4.1-24		3,866								\$3,866
IC 6-6-4.1-6		627		1,018						\$1,645
IC 6-6-4.1-9		243		2,730						\$2,973
IC 6-6-5.5-8			2	306				3		\$311
IC 6-7-1-1									156,997	\$156,997
IC 6-7-2-19				27,131						\$27,131
IC 7.1-4.2-1			3,201							\$3,201
IC 7.1-4-2-1			109				(59)			\$50
Indiana IFTA Assessment Adequate Rating	107	28	28	24,373	196		48		480	\$25,259
Indiana IFTA Assessment Inadequate Rating		1,200	540	116,622	(946)					\$117,416
IRP Article X-1005	8	(95)	(501)	471,168	(195)			9	(28)	\$470,366
IRP Article X-1015	788	2,111	506	22,690	4,322					\$30,417
Non-Indiana IFTA Assessment Adequate Rating	(14)	251	598	(49,414)	3,832		297		872	(\$43,578)
Non-Indiana IFTA Assessment Inadequate Rating		1,335	348	91,885	6,683					\$100,252

*For SIC explanation, see page 57.

**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

EXHIBIT E

DOLLARS ASSESSED BY INDUSTRIAL CODE SPECIAL TAX AUDITS (continued)

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
R1000	(11,960)	538	66	3,325	258					(\$8,849)
R1200				556						\$556
R800	26,338	1,883	49	35,552	1,434					\$65,256
Supp IFTA Indana Assessment Inadequate Rating				(9,192)						(\$9,192)
Supp Non-Indiana IFTA Assessment Inadequate Records				(15,386)						(\$15,386)
Supp Non-Indiana IRP Assessment Inadequate Records	28,659			(2,743)						\$25,916
Grand Total	57,318	9,934	523,908	1,908,330	298,126		15,860	12	161,873	\$2,975,362

*For SIC explanation, see page 57.

**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

EXHIBIT F

DOLLARS ASSESSED BY INDUSTRIAL CODE MISCELLANEOUS VIOLATIONS

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
IC 6-8.1-4-2			4,790	(3,683)			2,006			\$3,113
IC 6-8.1-5-4				(6,818)						(\$6,818)
IC 6-9-8-2							10,007			\$10,007
IC 6-9-12-2				2,273			28,609			\$30,881
IC 6-9-20-3				1,254						\$1,254
IC 6-9-33-3				1,794						\$1,794
IC 13-20-13-7				4,212						\$4,212
IC 36-8-16.6-12				1,678						\$1,678
IC 36-8-16.6-13				3,044						\$3,044
IC 6-8.1-10-3		1,582	3,958	3,347	9,303	2,324	2,051	556	230,988	\$254,110
IC 6-8.1-10-5								1,721		\$1,721
IC 6-8.1-10-6(b)				2,798			3,023	532		\$6,354
IC 6-8.1-3-12(a)			10,176		40,743	401,164				\$452,083
IC 6-8.1-5-2©				473					219	\$692
IC 6-8.1-8-3					6					\$6
IC 6-8.1-8-4				1,473	345,429		2,978			\$349,879
IC 6-8.1-9.5				16					2,156	\$2,173
IC 6-8.1-9-1		2,819	1,234,276	(73,814)	336,617	18,590	5,263	5,305	18,057	\$1,547,113
IC 6-8.1-9-1(a)			202	6,840	319	187	181	757	27,864	\$36,349
IC 6-8.1-9-1(b)	1,274	28,609	8,442	46,354	37,613	43,877	13,567	12,329	20,834	\$212,898
IC 6-8.1-9-2		0	720,001	906	7		5,059	1,608	2,012	\$729,592
IC 6-9-7-6(d)									74	\$74
IC 6-8.1-5-4				0						0
IC 6-8.1-10-2.1		2,000	2,500	2,146	1,000		4,158			\$11,804
Totals	1,274	33,009	1,981,844	(7,853)	770,036	466,142	72,744	22,809	302,204	\$3,654,013

*For SIC explanation, see page 57.

**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

AREAS OF RECURRING TAXPAYER NONCOMPLIANCE



Returns Processing

The vast majority of returns and forms sent to the department annually are prepared correctly, and the department processes them using the latest technology available. In FY 2015, the department received 1.8 million paper documents, an additional 1.1 million W-2s, and 2.1 million checks to be processed. Some of those items were received with incomplete information or no basic information from the taxpayer (such as checks without an accompanying return). When this occurs, the department must determine what to do with the information or money it has received.

Failure to Complete a Tax Return or Filing

When a return is received lacking the necessary information, including all W-2s, schedules, and required enclosures and documentation, the return is processed with only the information provided or is delayed. This can cause any deductions and/or credits not verified to be denied and could result in a reduced refund or possible

notice of tax due. The department sends the taxpayer a letter explaining the reason for the denial or reduction. The department worked approximately 450 returns with this classification this year.

Duplication of Filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then sends the department a paper copy of the return, along with the payment or as an informational return. In FY 2015, the department received nearly 9,850 duplicate returns. Many of these duplicate filings were a result of taxpayer confusion. They filed electronically, but then, having doubts about the efficacy of the electronic filing, they sent a paper return just to make sure that their taxes were filed. After a duplicate filing is identified, an employee must go into the tax processing system to mark the second filing as "information only" to ensure accuracy. The department's ability to process more returns electronically has reduced this number in recent years.

Calculation Errors

When a calculation error is detected, the return is flagged for review. This past tax season 300,000 returns were flagged in this manner. An employee must examine the return and determine whether the error: is truly a calculation error; is a problem with how the information was interpreted in the data-capture process; or occurred because data was placed on an incorrect form line, which can cause the columns on the tax return to total incorrectly. After the error has been determined and corrected, the return is successfully processed. The shift to electronic filing and improvements in high-speed imaging and data capture have improved accuracy markedly over the past 5 years.

Claiming Credits Incorrectly

Sometimes taxpayers claim credits that are not substantiated or do not have the proper documentation included with the return. This can cause the credit to be denied. When this occurs, an employee must contact the taxpayer to get the necessary information. In 2015, 96,700 tax returns fell into this category. Efforts are made to improve tax preparation instruction, but it is an ongoing educational process.

Miscellaneous

The following filing issues require more time for data entry and processing:

- Unidentified checks – 36,500: The majority of these are generated by third-party bill pay services. For example, the taxpayer asks her service provider to pay an estimated bill. The service provider does not have



a copy of the estimated payment voucher. Consequently, they submit the check with no voucher, which prevents the department from using its high-speed processing.

- WH-3 filed outside of legislative-mandated guidelines. These items fall into three categories.
 - a. Taxpayers submitting more than 25 wage statements – 750
 - b. Taxpayers submitting incorrect information – 11,000
 - c. Taxpayers submitting a WH-3 with no wage statement documentation – 1,450
- The department worked 79,000 returns that needed additional work and resources devoted to them in FY 2015. These included:
 - a. Multiple returns with one check or multiple checks with one return – 60% of the above total.
 - b. Use of non-departmental payment coupons – 20% of the above total.
 - c. These numbers have fallen 26,000 from FY 2013. Most of the improvement is a result of the electronic mandate for trust taxes leaving the “multi” situation needing improvement. One solution for the future would be added functionality in the returns processing system.

Solution

Each of the previously mentioned practices requires manual data entry to post a return. In addition, once a taxpayer begins using one of these erroneous practices, he often continues doing so. The department has many avenues for changing these practices, however. They include awareness campaigns through the tax preparer community and the department’s website, written communication to taxpayers who repeatedly file incorrectly, problem identification and remediation on in-bound customer contact, and conducting out-bound customer contact for problem accounts.

Although time-consuming and expensive, this broad approach is most effective in the long run to help taxpayers learn to use the correct practices that will expedite the correct processing of returns. For example, the department received 8,500 returns outside of the legislative-mandated guidelines the first year of the legislative change requiring electronic filing of WH-3s with more than 25 wage statements. During FY 2015, that number fell to 750. This is a direct result of a multichannel outreach to noncompliant taxpayers.



PART 05



The final section provides the taxpayer bill of rights, the FY 2015 legislative changes affecting the taxpayers the Indiana Department of Revenue serves, along with information on how a taxpayer can contact the department.

TAXPAYER BILL OF RIGHTS

PUBLIC LAW 332-1989

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

- I. Quality taxpayer service
- II. Taxpayer advocate to help taxpayers in the preservation of their rights
- III. Taxpayer education and information
- IV. A fair collection process
- V. Appointed hearing time and representation
- VI. Demand notices
- VII. Warrants for collection of tax
- VIII. Judgment liens against property
- IX. Annual public hearing
- X. Taxpayer responsibilities

The complete Taxpayer Bill of Rights may be found at www.in.gov/dor/3660.htm.

LEGISLATIVE CHANGES

WAGERING TAXES (IC 4)

Summary: Provides a credit against riverboat wagering taxes for a riverboat located in a historic hotel district. The credit is based on a sliding scale of the riverboat's adjusted gross receipts for the previous fiscal year, starting at 50% of the taxes otherwise due if the riverboat has not more than \$60,000,000 in adjusted gross receipts for the previous fiscal year and decreasing to zero if the adjusted gross receipts for the previous fiscal year are greater than \$80,000,000. Amounts claimed as a credit must be used for maintenance or operation of an historic hotel and surrounding grounds and facilities.

Effective Date: July 1, 2015

Code: IC 4-33-13-1.7

Enrolled Act: HEA 1540, SEC. 17

Summary: Reduces the percentage of adjusted gross receipts subject to slot machine wagering tax from 91% to 88%, applicable to casinos located on a racetrack's premises.

Effective Date: July 1, 2015

Code: IC 4-35-8-1

Enrolled Act: HEA 1540, SEC. 43

SALES AND USE TAX (IC 6-2.5)

Summary: Deletes a reference to filing a refund claim for prepaid sales tax on gasoline.

Effective Date: July 1, 2014 (RETROACTIVE)

Code: IC 6-2.5-7-6.5

Enrolled Act: SEA 199, SEC. 24



Summary: Repeals the section that contains the procedures for filing a refund claim for prepaid sales tax on gasoline.

Effective Date: July 1, 2014 (RETROACTIVE)

Code: IC 6-2.5-7-12

Enrolled Act: SEA 199, SEC. 25

Summary: Provides that the purchases of labels are exempt from the sales tax if the labels will be affixed to other tangible personal property being sold by a retail merchant and if the person acquiring the label is required to affix the labels to other tangible personal property for the purpose of complying with any state or federal statute or regulation.

Effective Date: Upon Passage

Code: IC 6-2.5-5-50

Enrolled Act: HEA 1271, SEC. 1

Summary: Corrects ambiguous language and references in the sales tax bad debt deduction section.

Effective Date: Upon Passage

Code: IC 6-2.5-6-9

Enrolled Act: SEA 199, SEC. 23

LEGISLATIVE CHANGES

Summary: Defines a “licensed practitioner,” for purposes of the sales tax, as an individual who is a doctor, dentist, veterinarian, or other practitioner who is licensed to prescribe, dispense, and administer drugs to human beings or animals.

Effective Date: July 1, 2015

Code: IC 6-2.5-1-21.5

Enrolled Act: HEA 1472, SEC. 5

Summary: Eliminates the requirement that a refund claim for utilities consumed in production may not cover transactions that occur more than 36 months before the date of the refund claim. Thus, the statute of limitations for such refunds is the same as other sales tax refunds.

Effective Date: July 1, 2015

Code: IC 6-2.5-5-5.1

Enrolled Act: HEA 1472, SEC. 7

Summary: Amends the sales tax exemption for medical equipment, supplies, and devices to restate the application of the sales tax exemption for medical equipment, supplies, and devices. Provides a sales tax exemption for food, food ingredients, and dietary supplements that are sold by a licensed practitioner or pharmacist.

Effective Date: July 1, 2015

Code: IC 6-2.5-5-18

Enrolled Act: HEA 1472, SEC. 8

Summary: Amends the sales tax exemption for drugs, insulin, oxygen, blood, and blood plasma to restate the application of the sales tax exemption.

Effective Date: July 1, 2015

Code: IC 6-2.5-5-19

Enrolled Act: HEA 1472, SEC. 9

Summary: Repeals the sales tax exemption for food and food ingredients prescribed as medically necessary by a physician and reinstates the exemption as food and food ingredients that are sold by a licensed practitioner or pharmacist.

Effective Date: July 1, 2015

Code: IC 6-2.5-5-21.5

Enrolled Act: HEA 1472, SEC. 10

Summary: Amends the recycling exemption definition to exclude any collection of recycling materials, not just collection by licensed motor vehicles. Defines “occupationally engaged in recycling” to mean engaged in recycling

with the intention of doing so at a profit. Defines “recycling cart” to be a manually propelled container with a capacity of not more than 100 gallons. Eliminates the double direct test for property acquired to be used in recycling. Provides that recycling carts are exempt from the sales tax if the purchaser is occupationally engaged in recycling.

Effective Date: July 1, 2015

Code: IC 6-2.5-5-45.8

Enrolled Act: HEA 1472, SEC. 12



Summary: Provides specific guidelines on when a retail merchant certificate may be revoked. The reasons include failure to file a return for sales tax or any other trust tax and failure to remit any trust tax. The certificate can also be revoked if the person is charged with any crime under Title 35 or is subject to a court order under IC 7.1-2-6-7 (public nuisance), IC 32-30-6-8 (nuisance actions), IC 32-30-7 (indecent nuisance), and IC 32-30-8 (drug nuisance). The department may revoke a certificate before a criminal adjudication or without a criminal charge being filed.

Effective Date: July 1, 2015

Code: IC 6-2.5-8-7

Enrolled Act: HEA 1472, SEC. 13



Summary: Adds manufacturers who have a utility exemption to the list of persons authorized to issue an exemption certificate. If a utility accepts an exemption certificate issued by the department to a person who is exempt from utility purchases, the utility is relieved from the duty to collect sales or use tax on the commodity sold until notified by the department that the exemption certificate has expired or has been revoked. If expired or revoked, the utility is required to begin collecting the sales tax within 30 days of the department's notice. An exemption certificate remains valid if there is a one-for-one meter number change and the change was made, initiated, or required by the utility. A utility shall report to the department on a quarterly basis all one-for-one meter changes and distinguish between the one-for-one meter changes and the one-for-multiple meter changes made during the previous calendar year quarter. Any meter number changes that are not a one-for-one meter change will no

longer be exempt and will require the person to submit a new utility exemption application for new meters.

Effective Date: July 1, 2015

Code: IC 6-2.5-8-8

Enrolled Act: HEA 1472, SEC. 14

Summary: Makes a technical change in the sales tax statute to change the term "radio" to "radiotelephone" in reference to radio telecommunications from aircraft.

Effective Date: July 1, 2015

Code: IC 6-2.5-12-1

Enrolled Act: SEA 171, SEC. 6



Summary: Clarifies the definition of “storage” in the use tax such that temporary storage is defined as storage in Indiana for not more than 180 days with subsequent use solely outside Indiana.

Effective Date: Jan. 1, 2016
Code: IC 6-2.5-3-1
Enrolled Act: HEA 1472, SEC. 6

Summary: Expands the sales tax exemption for agricultural machinery, tools, and equipment to include material-handling equipment purchased for transporting materials into such activities from an onsite location.

Effective Date: Jan. 1, 2016
Code: IC 6-2.5-5-2
Enrolled Act: SEA 441, SEC. 9

Summary: Provides that the cutting of steel bars into billets and the felling of trees for further use in production or for sale in the ordinary course of business are treated as the processing of tangible personal property. Provides that the exemption for machinery, tools, and equipment used in the manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property includes material-handling equipment

purchased for the purpose of transporting materials into such activities from an onsite location.

Effective Date: Jan. 1, 2016
Code: IC 6-2.5-5-3
Enrolled Act: SEA 441, SEC. 10

Summary: Provides that property used in producing machinery, tools, or equipment includes material-handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.

Effective Date: Jan. 1, 2016
Code: IC 6-2.5-5-4
Enrolled Act: SEA 441, SEC. 11

Summary: Expands the definition of “research and development activities” to include the design, refinement, and testing of prototypes of new or improved commercial products before sales have begun for the purpose of determining facts, theories, or principles or for the purpose of increasing scientific knowledge that may lead to new or enhanced products. Expands the list of excluded items to nontechnical activities, including social sciences, economics, humanities, and psychology. The term also excludes market and sales research; product market testing; the acquisition, investigation, or evaluation of another’s patent, model, process, or product; and providing sales services. Defines items that are excluded from research and development property to be heating, cooling, or illumination of office buildings; capital improvements to real property; janitorial services; personnel services or accommodations; inventory-control functions; management or supervisory functions; marketing; training; accounting; or any other function that is incidental to experimental or laboratory research and development.

Effective Date: Jan. 1, 2016
Code: IC 6-2.5-5-40
Enrolled Act: HEA 1472, SEC. 11

Summary: Changes the date that the department is required to notify assessors of new retail merchant certificates issued. The date of notification is before March 15 of each year instead of before July of each year. The annual period of reporting new retail merchants is changed from March 2 of the prior year and March 1 of the current year to the previous calendar year.

Effective Date: Jan. 1, 2016
Code: IC 6-2.5-8-1
Enrolled Act: SEA 374, SEC. 19

ADJUSTED GROSS INCOME TAX (IC 6-3)

Summary: Updates the Indiana Code to coincide with the Internal Revenue Code as in effect on Jan. 1, 2015.

Effective Date: Jan. 1, 2015 (RETROACTIVE)

Code: IC 6-3-1-11

Enrolled Act: HEA 1472, SEC. 15

Summary: If an S corporation is given an extension of time to file its annual return, it is automatically given an extension to file its withholding return for nonresident shareholders. An S corporation is subject to a late payment penalty for failure to file a return, pay the full tax due, or pay the deficiency of withholding taxes due on the balance of any tax due not paid on or before the due date (including extensions) of the return. Defines a “nonresident shareholder” as an individual, a trust, or an estate not residing in Indiana.

Effective Date: Jan. 1, 2015 (RETROACTIVE)

Code: IC 6-3-4-13

Enrolled Act: HEA 1472, SEC. 19



Summary: Provides that a pass-through entity is not required to withhold tax or file a composite adjusted gross income tax return for a nonresident member if the entity is a publicly traded partnership; meets the exception for partnerships under Section 7704(c) of the Internal Revenue Code; and has agreed to file an annual information return reporting the name, address, and taxpayer identification number of each unit holder. A partnership is subject to a late payment penalty for failure to file a return, pay the full tax due, or pay the deficiency of withholding taxes due on the balance of any tax due not paid on or before the due date (including extensions) of the return. Defines a “nonresident partner” as an individual who does not reside in Indiana; a trust or an estate that does not reside in Indiana; or a partnership, a C corporation, or an S corporation not domiciled in Indiana.

Effective Date: Jan. 1, 2015 (RETROACTIVE)

Code: IC 6-3-4-12

Enrolled Act: HEA 1472, SEC. 18

Summary: Requires a trust or an estate to file a composite return on behalf of all nonresident beneficiaries. The composite return must include all nonresident beneficiaries regardless of whether they have other Indiana source income. If a trust or an estate is permitted an extension of time to file its income tax return, then the composite return and payment due shall be allowed the same treatment as the extended income tax return.

Effective Date: Jan. 1, 2015 (RETROACTIVE)

Code: IC 6-3-4-15

Enrolled Act: HEA 1472, SEC. 20

Summary: Makes a change to a federal code cite in the section defining “adjusted gross income.”

Effective Date: July 1, 2015

Code: IC 6-3-1-3.5

Enrolled Act: SEA 171, SEC. 7

LEGISLATIVE CHANGES

Summary: Defines “eligible community foundation” in the AGI tax statute as an organization that: is exempt from federal income taxation under Section 501(c) (3) of the IRC; satisfies the public support test of Section 170(b)(1)(A)(vi) of the IRC; is an autonomous, nonsectarian philanthropic institution with permanent, component funds established by many separate donors; is accredited under national standards for United States Community Foundations; and supports a broad range of charitable activities within a specific geographic area in Indiana.

Effective Date: July 1, 2015

Code: IC 6-3-1-36

Enrolled Act: SEA 317, SEC. 1

Summary: Establishes parameters for notification to the department when there is a federal modification to a taxpayer’s income. A modification occurs on the date on which a taxpayer files an amended federal income tax return; a final determination is made concerning an assessment of deficiency; a final determination is made concerning a claim for refund; a taxpayer waives the restriction on assessment and collection of all, or any part, of an underpayment of federal income tax by signing a federal Form 870; a taxpayer enters into a closing agreement with the Internal Revenue Service concerning the taxpayer’s liability under Section 7121 of the Internal Revenue Code that is a final determination and the date of the closing agreement is the date the agreement is signed by a representative of the Internal Revenue Service; or a modification or alteration in an amount of tax is otherwise made that is a final determination. A “final determination” means an action or a decision by a taxpayer, the Internal Revenue Service, the United States Tax Court, or any other United States federal court concerning any disputed tax issue that is final and conclusive and cannot be reopened or appealed.

Effective Date: July 1, 2015

Code: IC 6-3-4-6

Enrolled Act: HEA 1472, SEC. 16

Summary: Requires an employer to file Form WH-3 annual withholding tax reports with the department not later than 31 days after the end of the calendar year. Eliminates the provision that a refund to an employee who fails to file the employee’s return within 2 years will not be granted. The 3-year statute of limitations will control on the refund of taxes withheld.

Effective Date: July 1, 2015

Code: IC 6-3-4-8

Enrolled Act: HEA 1472, SEC. 17



Summary: Increases the civil service annuity deduction from \$2,000 to \$8,000 for 2015 and further increases it to \$16,000 for 2016 and beyond. Expands the civil service annuity deduction to include a surviving spouse. This is effective for 2015 returns filed in 2016.

Effective Date: Jan. 1, 2015 (RETROACTIVE)

Code: IC 6-3-2-3.7

Enrolled Act: SEA 441, SEC. 15

Summary: Provides for an individual income tax credit for classroom supplies that qualify for the educator expense deduction under Section 62(a)(2)(D) of the Internal Revenue Code. An individual employed as a teacher is entitled to a tax credit equal to the lesser of \$100 or the total amount expended for classroom supplies during a taxable year. The amount of any unused credit cannot be carried forward, carried back to a previous year, or refunded. This is effective for 2015 returns filed in 2016.

Effective Date: Jan. 1, 2015 (RETROACTIVE)

Code: IC 6-3-3-14.5

Enrolled Act: HEA 1001, SEC. 82

LEGISLATIVE CHANGES

Summary: Makes several changes to the definition of “adjusted gross income” for individuals. Eliminates the subtract off for that part of an individual’s income that is subject to a tax imposed by a political subdivision of another state; eliminates the addback of the amount of the capital gain portion of a lump sum distribution; eliminates the subtract off of any federal credit allowed under 26 U.S.C. 6428 and included in the individual’s federal adjusted gross income; eliminates the addback of unemployment compensation excluded from federal gross income; eliminates the addback of the amount excluded



from gross income for the discharge of debt on a qualified principal residence; eliminates the adjustment for an individual who claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code; eliminates the adjustment that a taxpayer made for an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property; eliminates the adjustment for expensing costs for a qualified film or television production; eliminates the adjustment for a loss from the sale or exchange of preferred stock in the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; eliminates the addback of wages, reimbursements, or other payments made for services as an employee if the individual was, during the period of service, prohibited from being hired as an employee under 8 U.S.C. 1324a. Makes several changes to the definition of “taxable income” for corporations. Eliminates the adjustment for a corporation that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code; eliminates the adjustment

that a corporation made for an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property; eliminates the adjustment for expensing costs for a qualified film or television production; eliminates the adjustment for a loss from the sale or exchange of preferred stock in the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; eliminates the addback of wages, reimbursements, or other payments made for services as an employee if the individual was, during the period of service, prohibited from being hired as an employee 8 U.S.C. 1324a. Makes several changes to the definition of “taxable income” for life insurance companies and other insurance companies organized under Indiana law. Eliminates the adjustment for an insurance company that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code; eliminates the adjustment that an insurance company made for an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property; eliminates the adjustment for expensing costs for a qualified film or television production; eliminates the adjustment for a loss from the sale or exchange of preferred stock in the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; eliminates the addback of wages, reimbursements, or other payments made for services as an employee if the individual was, during the period of service, prohibited from being hired as an employee 8 U.S.C. 1324a. Makes several changes to the definition of “taxable income” for trusts and estates. Eliminates the adjustment for a trust or estate that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code; eliminates the adjustment that a trust or estate made for an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property; eliminates the adjustment for expensing costs for a qualified film or television production; eliminates the adjustment for a loss from the sale or exchange of preferred stock in the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; eliminates the addback of the amount excluded from gross income for the discharge of debt on a qualified principal residence; eliminates the addback of wages, reimbursements, or other payments made for services as an employee if the individual was, during the period of service, prohibited from being hired as an employee 8 U.S.C. 1324a.

Effective Date: Jan. 1, 2016

Code: IC 6-3-1-3.5

Enrolled Act: SEA 441, SEC. 12

LEGISLATIVE CHANGES

Summary: Changes the definition of “business income” to include all income that is apportionable to the state under the Constitution of the United States.

Effective Date: Jan. 1, 2016

Code: IC 6-3-1-20

Enrolled Act: SEA 441, SEC. 13

Summary: Eliminates the “throwback rule” for apportioning income to Indiana if the taxpayer is not taxable in the state of the purchaser. Also provides that the sale of computer software shall be treated as sales of tangible personal property for purposes of apportionment.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-2

Enrolled Act: SEA 441, SEC. 14

Summary: Changes a reference to a code cite within the military pay deduction.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-4

Enrolled Act: SEA 441, SEC. 16

Summary: Repeals the insulation deduction that was a maximum of \$1,000.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-5

Enrolled Act: SEA 441, SEC. 17

Summary: Repeals the insulation deduction that was a maximum of \$1,000 (duplicates SEA 441, SEC. 17).

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-5

Enrolled Act: HEA 1142, SEC. 3

Summary: Repeals the income tax deduction for solar-powered roof vents or fans.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-5.3

Enrolled Act: SEA 441, SEC. 18

Summary: Repeals the income tax deduction for solar-powered roof vents or fans (duplicates SEA 441, SEC. 18).

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-5.3

Enrolled Act: HEA 1142, SEC. 4



Summary: Repeals the tax deduction for export income derived from items that are manufactured at a maritime opportunity district and shipped through a port operated by the state. The repeal of the deduction is effective for tax years beginning after Dec. 31, 2015.

Effective Date: July 1, 2015

Code: IC 6-3-2-13

Enrolled Act: SEA 441, SEC. 19

Summary: Deletes a reference to a repealed code cite within the exemption for lottery winnings on drawings held before July 1, 2002.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-14.1

Enrolled Act: SEA 441, SEC 20

Summary: Repeals the deduction for the first \$1,200 of winnings from a lottery ticket purchased under IC 4-30.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-14.5

Enrolled Act: SEA 441, SEC. 21

Summary: Repeals the provision that provides an income tax exemption for the first \$1,000 of a reward received for information provided to law enforcement that assists in the arrest or indictment of or the filing of charges against a person.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-17

Enrolled Act: SEA 441, SEC. 22

Summary: Provides that funds put into a medical care savings account by an employer established for an employee are no longer exempt income to the employee in the taxable year that the money was deposited in the employee's account. **Note:** If the funds put into a medical care savings account by an employer established for an employee are exempt income to the employee for federal income tax purposes, the federal exemption still applies.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-18

Enrolled Act: SEA 441, SEC. 23



Summary: Broadens the addback to adjusted gross income related to intercompany interest expenses.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-20

Enrolled Act: SEA 441, SEC. 24

Summary: Makes technical changes to internal references to IC 6-3-1-3.5.

Effective Date: Jan. 1, 2016

Code: IC 6-3-2-25

Enrolled Act: SEA 441, SEC. 25

Summary: Provides an income tax credit to a for-profit hospital that is licensed under IC 16-21-2; is subject to the adjusted gross income tax; provides health care, accommodations, facilities, and equipment in connection with the services of a physician to individuals who may need medical or surgical services; and is not primarily providing care and treatment of patients with a cardiac condition or orthopedic condition or who are receiving a surgical procedure. The credit is equal to 10% of the property taxes paid in Indiana for the taxable year on property used as a hospital. The credit cannot exceed the taxpayer's adjusted gross income tax liability for the taxable year. The amount of any unused credit may not be carried forward, carried back to a previous year, or refunded.

Effective Date: Jan. 1, 2016

Code: IC 6-3-3-14.6

Enrolled Act: HEA 1001, SEC. 83

INCOME TAX CREDITS (IC 6-3.1)

Summary: This section applies to a taxpayer that is not a pass-through entity. Provides that in the case of the Hoosier business investment tax credit, the IEDC may under a written agreement accelerate payment (at a discounted amount) of any unused excess tax credit that certain taxpayers would otherwise be eligible to carry forward to a subsequent tax year. Provides that the total amount of such accelerated tax credits that the IEDC may approve may not exceed \$17,000,000 in a state fiscal year.

Effective Date: Upon Passage

Code: IC 6-3.1-26-15

Enrolled Act: SEA 441, SEC. 32

Summary: Provides that for the fiscal year ending on June 30, 2016, the maximum amount of EDGE credits that may be awarded during the fiscal year for job creation may not exceed \$225,000,000.

Effective Date: July 1, 2015

Code: IC 6-3.1-13-18

Enrolled Act: HEA 1001, SEC. 84

Summary: Removes the requirement in the computer donations tax credit that a public or private elementary school must detail the school's computer education program and the school's planned use of the qualified computer equipment before the equipment can be purchased from a service center. Also removes the requirement that a parent prove to the service center that the child is a participant in the school's computer education program and the qualified equipment will be used by the child for an educational purpose.

Effective Date: July 1, 2015

Code: IC 6-3.1-15-12

Enrolled Act: SEA 500, SEC. 20

Summary: Provides that after June 30, 2016, the maximum historic preservation credit for nonresidential historic property that can be certified will be zero. A taxpayer may carry forward any unused credit attributable to a qualified expenditure awarded before July 1, 2016.

Effective Date: July 1, 2015

Code: IC 6-3.1-16-14

Enrolled Act: HEA 1001, SEC. 85



Summary: This section applies to partners, members, or shareholders of a pass-through entity. Provides that in the case of the Hoosier business investment tax credit, the IEDC may under a written agreement accelerate payment (at a discounted amount) of any unused excess tax credit that certain taxpayers would otherwise be eligible to carry forward to a subsequent tax year. Provides that the total amount of such accelerated tax credits that the IEDC may approve may not exceed \$17,000,000 in a state fiscal year.

Effective Date: Upon Passage

Code: IC 6-3.1-26-16

Enrolled Act: SEA 441, SEC. 33

Summary: Changes a code cite reference in the income tax for property taxes paid on homesteads in Lake County and adds a provision that allows the supplemental distribution of admissions tax payable to the county to be used to reimburse the general fund for the cost of the credit.

Effective Date: July 1, 2015

Code: IC 6-3.1-20-7

Enrolled Act: HEA 1398, SEC. 4

Summary: Changes a code cite reference in the income tax for property taxes paid on homesteads in Lake County (duplicated by HEA 1398, SEC. 4).

Effective Date: July 1, 2015

Code: IC 6-3.1-20-7

Enrolled Act: HEA 1540, SEC. 59

Summary: Removes outdated language concerning earned income tax advance payments in the earned income tax credit statute.

Effective Date: July 1, 2015

Code: IC 6-3.1-21-6 and IC 6-3.1-21-8

Enrolled Act: HEA 1472, SEC. 23 and 24

Summary: Extends the time in which a venture capital tax credit can be awarded from the current law of Dec. 31, 2016 to Dec. 31, 2020.

Effective Date: July 1, 2015

Code: IC 6-3.1-24-9

Enrolled Act: SEA 441, SEC. 30

Summary: Extends the expiration of the Hoosier business investment tax credit from Dec. 31, 2016 until Dec. 31, 2020.

Effective Date: July 1, 2015

Code: IC 6-3.1-26-26

Enrolled Act: SEA 441, SEC. 35

Summary: Increases the maximum amount of school scholarship tax credits that can be awarded from the current amount of \$7,500,000 per fiscal year to \$8,500,000 for the fiscal year ending June 30, 2016, and \$9,500,000 for each fiscal year thereafter.

Effective Date: July 1, 2015

Code: IC 6-3.1-30.5-13

Enrolled Act: HEA 1001, SEC. 86

Summary: Changes the effective date of the tax credit for natural gas-powered vehicles from Jan. 1, 2014 to Jan. 1, 2013.

Effective Date: Jan. 1, 2013 (RETROACTIVE)

Code: IC 6-3.1-34.6-1

Enrolled Act: HEA 1001, SEC. 87

Summary: Provides that, for a person who claims the credit for placing a qualified vehicle into service in 2013, the person may claim the credit only against sales and use tax liability incurred by the person on a transaction occurring after June 30, 2015, that involves a natural gas product that is subject to taxation for sales tax because the public transportation exemption for sales tax excludes those transactions involving a natural gas product.

Effective Date: July 1, 2015

Code: IC 6-3.1-34.6-8

Enrolled Act: HEA 1001, SEC. 88

Summary: Provides that the maximum amount of tax credits that can be provided to a taxpayer in a taxable year is \$150,000; however, this limitation does not apply to a taxable year beginning after Dec. 31, 2012 and ending before Jan. 1, 2014.

Effective Date: Jan. 1, 2013 (RETROACTIVE)

Code: IC 6-3.1-34.6-9

Enrolled Act: HEA 1001, SEC. 89

Summary: Provides that the community revitalization enhancement district (CRED) tax credit is not allowed for expenditures on property classified as residential property, except for expenditures that were approved by the IEDC before Jan. 1, 2016.

Effective Date: July 1, 2015

Code: IC 6-3.1-19-2

Enrolled Act: SEA 441, SEC. 28

Summary: Amends the research expense tax credit so that “base amount” and “qualified research” have the same definition as contained in Section 41 of the Internal Revenue Code.

Effective Date: Jan. 1, 2016

Code: IC 6-3.1-4-1 and IC 6-3.1-4-4

Enrolled Act: HEA 1472, SEC. 21 and 22

Summary: Provides that a taxpayer is not entitled to a tax credit for a donation of qualified computer equipment made after Dec. 31, 2015.

Effective Date: Jan. 1, 2016

Code: IC 6-3.1-15-7

Enrolled Act: SEA 441, SEC. 26



Summary: Provides that a taxpayer is not eligible for a historic preservation tax credit for any qualified expenditure made after Dec. 31, 2015. This provision applies only to nonresidential historic property.

Effective Date: Jan. 1, 2016

Code: IC 6-3.1-16-7

Enrolled Act: SEA 441, SEC. 27

Summary: Makes a technical correction to a code cite within the income tax credit for property taxes paid on homesteads within Lake County.

Effective Date: Jan. 1, 2016

Code: IC 6-3.1-20-4

Enrolled Act: SEA 441, SEC. 29

Summary: Expands the definition of a “logistics investment” within the Hoosier business investment tax credit to include upgrading or building passing lines or automated switches on a rail line.

Effective Date: Jan. 1, 2016

Code: IC 6-3.1-26-8.5

Enrolled Act: SEA 441, SEC. 31

Summary: Provides that the maximum credits that can be awarded in a fiscal year of \$50,000,000 for a non-logistics investment and \$10,000,000 for a logistics investment will be valued at the amount of the tax credit before the tax credit is discounted under Sec. 15(d) or 16(d).

Effective Date: Jan. 1, 2016

Code: IC 6-3.1-26-20

Enrolled Act: SEA 441, SEC. 34

LOCAL OPTION INCOME TAXES (IC 6-3.5-1.1; IC 6-3.5-6; IC 6-3.5-7; IC 6-3.6)

Summary: Technical change to add new code cites to the exceptions for the standard CAGIT income tax rate.

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-2
Enrolled Act: HEA 1472, SEC. 25

Summary: Technical change to add a new code cite to the exceptions for the standard CAGIT income tax rate (duplicated by HEA 1472, SEC. 25).

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-2
Enrolled Act: HEA 1485, SEC. 2

Summary: Provides that, when construction of jail facilities are complete and bonds and leases are fully paid, the county adjusted gross income tax rate in Marshall County shall be established at a rate such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities.

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-2.8
Enrolled Act: HEA 1472, SEC. 26

Summary: Adds a new section to authorize Tipton County to impose an additional county adjusted gross income tax rate of not more than 0.4% for constructing and equipping a jail and related facilities and renovating the county courthouse.

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-3.4
Enrolled Act: HEA 1472, SEC. 27

Summary: Adds a new section to authorize Rush County to impose an additional county adjusted gross income tax rate in the range of 0.15% up to 0.6% to fund a county jail including construction costs, repayment of bonds, and the operation and maintenance of the facility.

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-3.7
Enrolled Act: HEA 1472, SEC. 28

Summary: Adds a new section to authorize Rush County to adopt an ordinance to impose additional county adjusted gross income tax rate in the range of 0.15% up to 0.6% to fund a county jail including construction costs, repayment of bonds, and the operation and maintenance of the facility (duplicated by HEA 1472, SEC. 28).

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-3.7
Enrolled Act: HEA 1485, SEC. 3

Summary: Excludes Tipton County and Rush County distributions for jail facilities that are outside of the regular certified distribution and the portion for certified shares.

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-10 and IC 6-3.5-1.1-11
Enrolled Act: HEA 1472, SEC. 29 and 30

Summary: Excludes Rush County distribution for jail facilities that are outside of the regular certified distribution and the portion for certified shares (duplicated by HEA 1472, SEC 29 - 30).

Effective Date: Upon Passage
Code: IC 6-3.5-1.1-10 and IC 6-3.5-1.1-11
Enrolled Act: HEA 1485, SEC. 4 and 5

Summary: Provides that the maximum combined CAGIT and CEDIT rate in Tipton County may not exceed 1.65%. Provides that the maximum CAGIT and CEDIT rate in Rush County may not exceed 1.85%. Provides that the maximum COIT and CEDIT rate in Greene County may not exceed 1.25%. However, if the COIT and CEDIT rate exceeds 1%, the maximum rate that may be imposed in the county for public safety purposes is equal to the difference between 0.25% minus the amount by which the COIT and CEDIT rate exceeds 1%.

Effective Date: Upon Passage
Code: IC 6-3.5-7-5
Enrolled Act: HEA 1472, SEC. 31

Summary: Provides that the maximum CAGIT and CEDIT rate in Rush County may not exceed 1.85% (duplicated by HEA 1472, SEC. 31).

Effective Date: Upon Passage
Code: IC 6-3.5-7-5
Enrolled Act: HEA 1485, SEC. 9

Summary: Corrects a reference within IC 6-3.5-7-28.

Effective Date: Upon Passage

Code: IC 6-3.5-7-28

Enrolled Act: HEA 1403, SEC. 2

Summary: Provides that any county can impose a public safety LOIT without having to impose a tax rate for a levy freeze and property tax relief. Provides that if a county has not imposed a public safety LOIT rate on July 1, 2015, the county may adopt a resolution providing that up to 100% of revenue will be dedicated to a PSAP that is part of a statewide 911 system. If a county has imposed a public safety LOIT on July 1, 2015, and the rate is increased after July 1, 2015, the county may adopt a resolution providing that up to 100% of the revenue from the increased rate will be dedicated to a PSAP that is part of a statewide 911 system.

Effective Date: July 1, 2015

Code: IC 6-3.5-1.1-25

Enrolled Act: HEA 1475, SEC. 2

Summary: Provides that Orange County can impose a public safety LOIT without having to impose a tax rate for a levy freeze and property tax relief.

Effective Date: July 1, 2015

Code: IC 6-3.5-1.1-25

Enrolled Act: HEA 1540, SEC. 60

Summary: Provides that any county can impose a public safety LOIT without having to impose a tax rate for a levy freeze and property tax relief. Provides that if a county has not imposed a public safety LOIT rate on July 1, 2015, the county may adopt a resolution providing that up to 100% of revenue will be dedicated to a PSAP that is part of a statewide 911 system. If a county has imposed a public safety LOIT on July 1, 2015, and the rate is increased after July 1, 2015, the county may adopt a resolution providing that up to 100% of the revenue from the increased rate will be dedicated to a PSAP that is part of a statewide 911 system.

Effective Date: July 1, 2015

Code: IC 6-3.5-6-31

Enrolled Act: HEA 1475, SEC. 3

Summary: Provides that CEDIT funds may not be used by Hammond, Gary, East Chicago, and Lake County for transfers required to be made to the Northwest Indiana Regional Development Authority.

Effective Date: July 1, 2015

Code: IC 6-3.5-7-13.1

Enrolled Act: HEA 1398, SEC. 5



Summary: Deletes the requirement for an annual audit by the State Board of Accounts.

Effective Date: July 1, 2015

Code: IC 6-3.5-7-13.5 and IC 6-3.5-7-13.6

Enrolled Act: HEA 1104, SEC. 26 and 27

Summary: Repeals the county adjusted gross income tax credit for the elderly.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-1.1-7

Enrolled Act: SEA 441, SEC. 36

Summary: Deletes a reference to IC 6-3-1-3.5(a)(6), which has been repealed.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-1.1-18

Enrolled Act: SEA 441, SEC. 37

Summary: Deletes a reference to IC 6-3-1-3.5(a)(6), which has been repealed.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-6-22

Enrolled Act: SEA 441, SEC. 38

Summary: Repeals the county option income tax credit for the elderly.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-6-24

Enrolled Act: SEA 441, SEC. 39

Summary: Technical change noting a repealed section of property tax statute.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-7-5

Enrolled Act: SEA 374, SEC. 20

Summary: Repeals the county economic development income tax credit for the elderly.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-7-9

Enrolled Act: SEA 441, SEC. 40

Summary: Deletes a reference to IC 6-3-1-3.5(a)(6), which has been repealed.

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-7-18

Enrolled Act: SEA 441, SEC. 41

Summary: Deletes a repealed reference to property tax statute in the definition of "adopting entity."

Effective Date: Jan. 1, 2016

Code: IC 6-3.5-7-26

Enrolled Act: SEA 374, SEC. 21

Summary: County adjusted gross income tax (CAGIT) is repealed effective Jan. 1, 2017.

Effective Date: Jan. 1, 2017

Code: IC 6-3.5-1.1

Enrolled Act: HEA 1485, SEC. 1

Summary: County option income tax (COIT) is repealed effective Jan. 1, 2017.

Effective Date: Jan. 1, 2017

Code: IC 6-3.5-6

Enrolled Act: HEA 1485, SEC. 7

Summary: County economic development income tax (CEDIT) is repealed effective Jan. 1, 2017.

Effective Date: Jan. 1, 2017

Code: IC 6-3.5-7

Enrolled Act: HEA 1485, SEC. 8

Summary: Adds a new article to consolidate and simplify the various local income tax laws that are in effect on May 1, 2016, into a uniform law that transitions each county from the former taxes (CAGIT, COIT, and CEDIT) to the tax created in this article. A county may not adopt any ordinances under a former tax after June 30, 2016, and an adopting body may not take any action under this article before July 1, 2016. The uniform local income tax is effective Jan. 1, 2017.

Effective Date: July 1, 2015

Code: IC 6-3.6

Enrolled Act: HEA 1485, SEC. 10

FINANCIAL INSTITUTIONS TAX (IC 6-5.5)

Summary: Establishes parameters for notification to the department when there is a federal modification to a taxpayer's income. A modification occurs on the date on which a taxpayer files an amended federal income tax return; a final determination is made concerning an assessment of deficiency; a final determination is made concerning a claim for refund; a taxpayer waives the tax by signing a federal Form 870; a taxpayer enters into a closing agreement with the Internal Revenue Service concerning the taxpayer's liability under Section 7121 of the Internal Revenue Code that is a final determination, and the date of the closing agreement is the date the agreement is signed by a representative of the Internal Revenue Service; or a modification or an alteration in an amount of tax is otherwise made that is a final determination. A final determination means an action or decision by a taxpayer, the Internal Revenue Service, the United States Tax Court, or any other United States federal court concerning any disputed tax issue that is final and conclusive and cannot be reopened or appealed. If the federal modification or alteration results in a change in the taxpayer's federal adjusted gross income or income within Indiana, the taxpayer shall file an amended financial institutions tax return and a copy of the amended federal income tax return with the department not later than 180 days after the modification or alteration is made.

Effective Date: July 1, 2015

Code: IC 6-5.5-6-6

Enrolled Act: HEA 1472, SEC. 32

LEGISLATIVE CHANGES

Summary: Eliminates the adjustment for a financial institution that claimed the special allowance for qualified disaster assistance property under Section 168(n) of the Internal Revenue Code; eliminates the adjustment that a financial institution made for an election under Section 179C of the Internal Revenue Code to expense costs for qualified refinery property; eliminates the adjustment for expensing costs for a qualified film or television production; eliminates the adjustment for a loss from the sale or exchange of preferred stock in the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; eliminates the addback of wages, reimbursements, or other payments made for services as an employee if the individual was, during the period of service, prohibited from being hired as an employee 8 U.S.C. 1324a.

Effective Date: Jan. 1, 2016

Code: IC 6-5.5-1-2

Enrolled Act: SEA 441, SEC. 42

MISCELLANEOUS AND VEHICLE EXCISE TAXES (IC 6-6)

Summary: Removes the provision that an aircraft held in inventory for 18 months is no longer considered aircraft inventory and provides that an aircraft that has a total time in service exceeding 50 hours is no longer considered in inventory and is subject to registration and all applicable taxes.

Effective Date: July 1, 2015

Code: IC 6-6-6.5-10.6

Enrolled Act: HEA 1413, SEC. 1

Summary: Provides that a dealer who has had an aircraft reclassified out of the dealer's aircraft inventory because of the 180-day provision may elect to return an aircraft to the dealer's aircraft inventory if it would have qualified under the amendment to IC 6-6-6.5-10.6 and then obtain a refund of the registration fees and sales or use taxes that were required to be paid when the statutory reclassification occurred (including any penalties and interest), if paid within three years.

Effective Date: July 1, 2015

Code: IC 6-6-6.5-26

Enrolled Act: HEA 1413, SEC. 2

Summary: Repeals the Local Emergency Planning and Right to Know Fund.

Effective Date: July 1, 2015

Code: IC 6-6-10

Enrolled Act: SEA 484, SEC. 1

Summary: Changes the regular annual registration date for aircraft from the last day of February to the last day of December.

Effective Date: Jan. 1, 2016

Code: IC 6-6-6.5-1

Enrolled Act: SEA 374, SEC. 22

Summary: Changes the date of assessment of aircraft held by a dealer from the last day of February to the last day of December.

Effective Date: Jan. 1, 2016

Code: IC 6-6-6.5-10.7

Enrolled Act: SEA 374, SEC. 23



CIGARETTE AND OTHER TOBACCO PRODUCTS TAX (IC 6-7-1 AND IC 6-7-2)

Summary: Renames the Indiana Check-up Plan Trust Fund the Healthy Indiana Plan Trust Fund in the distribution of the cigarette tax.

Effective Date: Feb. 1, 2015 (RETROACTIVE)

Code: IC 6-7-1-28.1

Enrolled Act: HEA 1001, SEC. 90

MISCELLANEOUS TAXES (IC 6-8)

Summary: Provides that the principal contributed by an employer to a medical care savings account before Jan. 1, 2016, is exempt from taxation as income of the employee.

Effective Date: Jan. 1, 2016

Code: IC 6-8-11-9

Enrolled Act: SEA 441, SEC. 45

Summary: Adds a new section to the medical care savings account statute to provide that if an employer contributes money to an account after Dec. 31, 2015, the money may be withdrawn from the account by the employee at any time and for any purpose without a penalty.

Effective Date: Jan. 1, 2016

Code: IC 6-8-11-11.5

Enrolled Act: SEA 441, SEC. 46

TAX ADMINISTRATION (IC 6-8.1)

Summary: Authorizes a tax amnesty program for unpaid tax liability for a listed tax that was due and payable for a tax period ending before Jan. 1, 2013. Taxpayers that participated in a previous amnesty program or the amnesty program for sales tax due on claimed racing horses are not eligible for the current amnesty program. The amnesty program cannot exceed eight weeks and must end before Jan. 1, 2017.

Effective Date: July 1, 2015

Code: IC 6-8.1-3-17

Enrolled Act: HEA 1001, SEC. 91

Summary: The department may adopt emergency rules to carry out the tax amnesty program, and the rule adopted by the department expires on the date specified in the emergency rule.

Effective Date: July 1, 2015

Code: IC 6-8.1-3-24

Enrolled Act: HEA 1001, SEC. 92

Summary: Revenue from the amnesty program shall be distributed as follows: the first \$84,000,000 collected will be deposited into the Indiana Regional Cities Development Fund; the next \$6,000,000 shall be transferred to the Indiana Department of Transportation for money expended by the Indiana Department of Transportation for the operation of the Hoosier State Rail Line; and any remaining amounts collected will be deposited into the state General Fund.

Effective Date: July 1, 2015

Code: IC 6-8.1-3-25

Enrolled Act: HEA 1001, SEC. 93



LEGISLATIVE CHANGES

Summary: Provides that the double penalty for not paying an outstanding liability during amnesty does not apply if the taxpayer has entered into a payment plan with the department by May 12, 2015. Provides that the double penalty applies only if the tax liability was due and payable before Jan. 1, 2013.

Effective Date: July 1, 2015

Code: IC 6-8.1-10-12

Enrolled Act: HEA 1001, SEC. 94

Summary: Deletes the requirement for an annual audit of the Department of Revenue.

Effective Date: July 1, 2015

Code: IC 6-8.1-3-6

Enrolled Act: HEA 1104, SEC. 28



Summary: Requires the department to enter into an agreement with the fiscal officer of a capital improvement board of managers that is responsible for expenditures of funds from an innkeeper's tax, a food and beverage tax, an admissions tax, the supplemental auto rental excise tax, or the sales taxes allocated to a professional sports development area fund or a sports and convention facilities operating fund to furnish the fiscal officer annually with the name of each business collecting taxes listed above, as well as the amount of money collected from each business. The agreement must include a nondisclosure provision the same as is required for the fiscal officer of a governmental entity that has adopted the taxes.

Effective Date: July 1, 2015

Code: IC 6-8.1-3-7.1

Enrolled Act: HEA 1472, SEC. 33

Summary: Provides that the department can deny an application for a motor carrier permit under certain circumstances.

Effective Date: July 1, 2015

Code: IC 6-8.1-4-5

Enrolled Act: HEA 1472, SEC. 34

Summary: Eliminates the requirement that a letter of findings must be issued within 60 days after the hearing on the protest. Extends the time frame during which a taxpayer has the right to appeal to the tax court from 60 days to 90 days after a letter of findings is issued or a refund claim is denied. The 90-day limit can be extended upon agreement of the department and the taxpayer. Changes the time period for the department to issue a demand notice from 45 days to 60 days if the taxpayer does not respond to the proposed assessment.

Effective Date: July 1, 2015

Code: IC 6-8.1-5-1

Enrolled Act: HEA 1472, SEC. 35

Summary: Clarifies language in the statute of limitations section concerning when there is a federal modification that affects Indiana income.

Effective Date: July 1, 2015

Code: IC 6-8.1-5-2

Enrolled Act: HEA 1472, SEC. 36



Summary: Provides that the department can release information concerning an innkeeper's tax, a food and beverage tax, an admissions tax, the supplemental auto rental excise tax, or any covered taxes distributed to a professional sports development area fund or a sports and convention facilities operating fund. Also allows the department to disclose to a utility a person who is exempt from sales tax for utilities purchased.

Effective Date: July 1, 2015
Code: IC 6-8.1-7-1
Enrolled Act: HEA 1472, SEC. 37

Summary: Provides that a tax judgment may be released and a tax warrant expunged if the commissioner determines that the release of the tax judgment and the expungement of the tax warrant are in the best interest of the state. Requires the department to adopt rules to define the circumstances under which a release and expungement may be granted based on a finding that the release and expungement would be in the best interest of the state.

Effective Date: July 1, 2015
Code: IC 6-8.1-8-2
Enrolled Act: HEA 1472, SEC. 38

Summary: Provides that a taxpayer has 60 days from the date of a denial of a refund claim to file a written protest. If a hearing is requested, the department shall notify the person of the time, date, and location of the hearing. After conducting the hearing, the department shall issue a memorandum of decision or an order denying a refund. A person who disagrees with any part of the decision may request a rehearing not more than 30 days after the memorandum of decision or the order denying a refund was issued. The person has up to 90 days to appeal a decision to the Tax Court. The 90-day period can be extended upon agreement of the department and the taxpayer.

Effective Date: July 1, 2015
Code: IC 6-8.1-9-1
Enrolled Act: HEA 1472, SEC. 39

Summary: Provides that a refund request will accrue interest from the date the refund claim is filed if it is filed before July 1, 2015. If the refund claim is filed after June 30, 2015, interest will accrue from the latest of the date the tax payment was due; the date the tax was paid; or July 1, 2015. The due date for payment of the sales tax, oil inspection fee, or petroleum severance tax is December 31 of the calendar year that contains the taxable period for which the payment is remitted. No interest is due on a refund claim before the return for the tax in question is filed.

Effective Date: July 1, 2015
Code: IC 6-8.1-9-2
Enrolled Act: HEA 1472, SEC. 40

TAXATION OF INTERNET ACCESS (IC 6-10)

Summary: Adds a new article to the Indiana Code to prohibit state or local taxation of Internet access. The term “Internet access” means a service that enables users to connect to the Internet to access content, information, or other services offered over the Internet. The term does not include voice, audio, or video programming. The term “tax” means any charge that is imposed by the state or a political subdivision of the state for the purpose of generating revenues for governmental purposes and is not a fee imposed for a specific privilege, service, or benefit conferred. The term includes the imposition on a seller of an obligation to collect and remit to the state or a political subdivision of the state any gross retail tax, sales tax, or use tax imposed on a buyer by a governmental entity. The term does not include any franchise fee or similar fee imposed by the Indiana Utility Regulatory Commission or any other fee related to obligations or telecommunications carriers under the Communications Act of 1934. The act does **not** prevent the imposition of a tax levied on or measured by net income, capital stock, net worth, or property value. Neither the state nor a political subdivision of the state may impose, assess, collect, or attempt to collect a tax on Internet access or use of Internet access.

Effective Date: Upon Passage

Code: IC 6-10-1

Enrolled Act: SEA 80

INNKEEPERS AND OTHER LOCAL TAXES (IC 6-9)

Summary: Provides for a food and beverage tax of 2% in Orange County. The tax is imposed only on food and beverage items served in an historic hotel resort including a riverboat and other properties operated in conjunction with the historic hotel, including golf courses. The amounts received from the tax shall be distributed monthly to the West Baden Springs Historic Hotel Preservation and Maintenance Fund. If Orange County has another food and beverage tax levied in all or any part of the county, the other food and beverage tax does not apply to facilities where the 2% tax is imposed.

Effective Date: July 1, 2015

Code: IC 6-9-45.5

Enrolled Act: HEA 1540, SEC. 61



Summary: Deletes the requirement for an annual financial and compliance audit by the State Board of Accounts for a youth sports complex operating under this chapter.

Effective Date: July 1, 2015

Code: IC 6-9-42-9

Enrolled Act: HEA 1104, SEC. 29

Summary: Provides for an innkeeper’s tax in Orange County at an historic hotel regardless of whether the county already imposes a tax on the same transactions. The tax is levied at a rate of 2% on the gross retail income derived from lodging. The amounts received from the tax shall be distributed monthly to the West Baden Springs Historic Hotel Preservation and Maintenance Fund. If the tax rate at which another innkeeper’s tax is imposed is increased after Dec. 31, 2014, above the rate in effect on Jan. 1, 2015, the additional tax rate does not apply to the historic hotel.

Effective Date: July 1, 2015

Code: IC 6-9-45.6

Enrolled Act: HEA 1540, SEC. 62



Summary: Authorizes the town of Rockville to adopt an ordinance imposing a food and beverage tax. The tax goes into effect on the day specified in the ordinance or on the last day of the month that succeeds the month in which the ordinance is adopted. The food and beverage tax does not apply in a transaction that is exempt from the sales tax. The food and beverage tax rate shall be imposed in an increment of 0.25% and may not exceed 1%. The tax will be collected in the same manner as the sales tax and remitted to the department. Money received from the tax shall be paid monthly by the treasurer of state to the fiscal officer of the town of Rockville. Money received from the tax may be used for the following purposes: to reduce the town's property tax levy for a particular year; for economic development purposes including bonds, leases, or other obligations; storm water, sidewalk, street, park, and parking improvements necessary to support tourism in the town; and public safety.

Effective Date: July 1, 2015

Code: IC 6-9-45

Enrolled Act: HEA 1044, SEC. 1

Summary: Authorizes Orange County to adopt an ordinance imposing a food and beverage tax. The tax goes into effect on the day specified in the ordinance or on the last day of the month that succeeds the month in which the ordinance is adopted. The food and beverage tax does not apply in a transaction that is exempt from the sales tax. The tax also does not apply to a transaction that occurs at an historic hotel defined in IC 4-33-6.5 or other properties operated in conjunction with the historic hotel enterprise located in Orange County, including golf courses. The food and beverage tax rate shall be imposed in an increment of 0.25% and may not exceed 1%. The tax will be collected in the same manner as the sales tax and remitted to the

department. Money received from the tax shall be paid monthly by the treasurer of state to the fiscal officer of the county. Money received from the tax may be used for the following purposes: for economic development purposes including bonds, leases, or other obligations; storm water, sidewalk, street, park, and parking improvements necessary to support tourism in the county; public safety.

Effective Date: July 1, 2015

Code: IC 6-9-47.5

Enrolled Act: HEA 1044, SEC. 2

ALCOHOL AND TOBACCO TAXES (IC 7.1)

Summary: Provides that the department shall deposit \$.0375 instead of \$.0475 of the beer excise gallonage tax into the Postwar Construction Fund.

Effective Date: July 1, 2015

Code: IC 7.1-4-8-1

Enrolled Act: HEA 1001, SEC. 95

Summary: Provides that the department shall deposit \$.0175 instead of \$.0075 of the beer excise gallonage tax into the Enforcement and Administration Fund.

Effective Date: July 1, 2015

Code: IC 7.1-4-10-1

Enrolled Act: HEA 1001, SEC. 96

Summary: Adds a requirement that an e-liquid retailer, distributor, and manufacturer that mixes, bottles, or sells e-liquid in Indiana before July 1, 2015 shall obtain a distributor's license from the Department for other tobacco product taxes before July 1, 2016.

Effective Date: July 1, 2015

Code: IC 7.1-7-5-1

Enrolled Act: HEA 1432, SEC. 9

MOTOR CARRIER REGULATION (IC 8-2.1)

Summary: Repeals language concerning effective dates of previous amendments.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-0.1

Enrolled Act: SEA 171, SEC. 17

Summary: Defines a “digital network” as an online application, software, a website, or a system used by a transportation network company (TNC) to enable prearranged rides with TNC drivers.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-6.5

Enrolled Act: HEA 1278, SEC. 1

Summary: Defines “motor vehicle insurance” as any type of insurance described in IC 27-1-5-1, Class 2(f).

Effective Date: July 1, 2015

Code: IC 8-2.1-17-11.2

Enrolled Act: HEA 1278, SEC. 2

Summary: Defines “personal vehicle” as a vehicle that is used by a TNC driver to provide a prearranged ride; that is owned, leased, or authorized for use by a TNC driver; and that is not a taxicab, a limousine, or another for-hire vehicle.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-13.2

Enrolled Act: HEA 1278, SEC. 3

Summary: Defines “prearranged ride” to mean the provision of transportation by a TNC driver to a TNC rider beginning when the TNC driver accepts a TNC rider’s request for a ride and ending when the last requesting TNC rider departs from the personal vehicle.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-13.5

Enrolled Act: HEA 1278, SEC. 4

Summary: Provides that a personal vehicle driven by a TNC driver is excluded from the definition of a “taxicab.”

Effective Date: July 1, 2015

Code: IC 8-2.1-17-16

Enrolled Act: HEA 1278, SEC. 5

Summary: Defines a “TNC” as an entity that does business in Indiana and uses a digital network to connect TNC riders to TNC drivers to request prearranged rides.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-18

Enrolled Act: HEA 1278, SEC. 6

Summary: Defines a “TNC driver” as an individual who receives connections to potential TNC riders and related services from a TNC in exchange for payment of a fee to the TNC and uses a personal vehicle to offer or provide prearranged rides to TNC riders upon connection through a digital network controlled by a TNC and in exchange for compensation or payment of a fee.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-19

Enrolled Act: HEA 1278, SEC. 7

Summary: Defines a “TNC” rider as an individual who uses a TNC’s digital network to connect with a TNC driver who provides the individual a prearranged ride in the TNC’s personal vehicle and between points chosen by the individual.

Effective Date: July 1, 2015

Code: IC 8-2.1-17-20

Enrolled Act: HEA 1278, SEC. 8

Summary: Provides that registration requirements by the department (under IC 8-2.1-19) do not apply to a personal vehicle operated by a TNC driver.

Effective Date: July 1, 2015

Code: IC 8-2.1-19-3

Enrolled Act: HEA 1278, SEC. 9

Summary: Adds a new chapter regulating transportation network companies. Requires a TNC to have a permit issued by the department to provide a digital network for connection to prearranged rides in Indiana. Specifies requirements related to: (1) criminal and driving history; (2) drug and alcohol use; (3) vehicle equipment; (4) insurance; (5) fares; (6) privacy; (7) nondiscrimination and accessibility; (8) record maintenance; (9) TNC and TNC driver conduct; and (10) regulation.

Effective Date: July 1, 2015

Code: IC 8-2.1-19.1

Enrolled Act: HEA 1278, SEC. 10

Summary: Corrects a reference to a federal code cite.

Effective Date: July 1, 2015

Code: IC 8-2.1-22-18

Enrolled Act: SEA 171, SEC. 18

Summary: Repeals language concerning effective dates of previous amendments.

Effective Date: July 1, 2015

Code: IC 8-2.1-24-0.1

Enrolled Act: SEA 171, SEC. 19



Summary: Corrects a reference to a federal code cite.

Effective Date: July 1, 2015

Code: IC 8-2.1-26-3

Enrolled Act: SEA 171, SEC. 20

MISCELLANEOUS PROVISIONS

Summary: Provides that, for a certified technology park operating under a written agreement entered into by two or more redevelopment commissions, no more than \$5,000,000 may be deposited over the life of the certified technology park in the fund of each redevelopment commission. The aggregate funds distributed to the certified technology fund shall not exceed \$5,000,000 multiplied by the number of redevelopment commissions that have entered into a written agreement for the operation of the certified technology park.

Effective Date: July 1, 2015

Code: IC 36-7-32-22

Enrolled Act: SEA 436, SEC. 32

LEGISLATIVE CHANGES

Summary: Adds a provision that, for two or more redevelopment commissions that enter into an agreement to jointly undertake economic development projects in the certified technology parks established by the redevelopment commission, a party may agree to allocate a part of the certified technology park's maximum incremental tax financing fund to one or more other parties to the agreement.

Effective Date: July 1, 2015

Code: IC 36-7-32-26

Enrolled Act: SEA 436, SEC. 33

Summary: Provides that the enhanced prepaid wireless charge on each retail transaction is \$1.00. The fee can be increased one time by \$0.10 between July 1, 2015, and June 30, 2020. The telecommunications carrier that provides service to end users is responsible for the enhanced prepaid wireless charge. The provider is required to pay a one-time charge by Aug. 1, 2015. The charge is equal to the product of the enhanced prepaid wireless charge multiplied by the number of unique end users for which the provider received reimbursement from the Universal Service Fund multiplied by the number of months the current service agreement between each end user and the provider has received reimbursement from the universal service fund before Aug. 1, 2015. Beginning Sept. 1, 2015, the charge that the provider is required to remit is the enhanced prepaid wireless charge multiplied by the number of unique end users for which the provider received reimbursement from the Universal Service Fund in the previous month.

Effective Date: July 1, 2015

Code: IC 36-8-16.6-11

Enrolled Act: HEA 1475, SEC. 4

Summary: Requires the department to do a study of the department's current information systems, develop a plan for modernizing the department's systems, and submit a report of the study and the plan developed to the budget committee and the legislative council. The report must be completed by Dec. 31, 2016.

Effective Date: Upon Passage

Code: Non Code

Enrolled Act: HEA 1472, SEC. 45



Internet Access

Access to forms, information bulletins, commissioner’s directives, tax publications, email, INfreefile (the online tax filing program), and more can be found at www.in.gov/dor.

Businesses can visit the New and Small Business Education Center, where they can find a variety of valuable resources 24/7 – such as updating information, applying for new taxes, finding forms, and much more. Visit www.smallbiz.in.gov.

Stay connected to the Indiana Department of Revenue 24/7 by:

- Following the department on Twitter at www.twitter.com/INDeptofRevenue
- Becoming a Facebook fan by searching for “Indiana Department of Revenue”
- Following the department’s Instagram feed: INDeptofRevenue
- Signing up for automatic email updates on the department’s website at www.in.gov/dor

Telephone Numbers

Practitioner Hotline	800-462-6320 (enter 4367)	www.in.gov/dor/3863.htm
Individual Income Tax Questions	317-232-2240	www.in.gov/dor/4703.htm
Business Tax Questions	317-233-4015	www.in.gov/dor/3335.htm
Corporate Income Tax INtax Hotline	317-232-2337	www.in.gov/dor/3335.htm
e-File Questions	317-232-0059	www.in.gov/dor/4331.htm
Streamlined Sales Tax	317-233-4015	www.in.gov/dor/3341.htm
Automated Refund Information Line	317-233-4018	www.in.gov/dor/4339.htm
Collection/Liability Inquiries	317-232-2165	www.in.gov/dor/3959.htm
Motor Carrier Services	317-615-7200	www.in.gov/dor/4106.htm
Tax Forms Order Line	317-615-2581	www.in.gov/dor/3489.htm
Withholding Tax	317-233-4016	www.in.gov/dor/3988.htm
Corporate Tax ePay	317-232-0129	www.in.gov/dor/epay/3727.htm

For a list of phone numbers by tax type, visit the department’s website at www.in.gov/dor/3473.htm. For a list of the department’s P.O. boxes, visit www.in.gov/dor/3484.htm.



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Note: Addresses and telephone numbers
are subject to change. Check local listings.



