



# Indiana Department of Revenue

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Income Tax Information Bulletin #110

Subject: Automatic Taxpayer Refunds

Publication Date: November 2022

Effective Date: Upon Publication

References: IC 4-10-22

Replaces Bulletin #110, dated April 2022

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## Summary of Changes

Other than technical, nonsubstantive changes, this bulletin provides guidance on how the additional automatic taxpayer refund for both individuals who previously qualified for the original 2021 automatic taxpayer refund and how other individuals meeting certain requirements can receive the refund on their 2022 income tax returns. In addition, this bulletin updates various dates for issuance and contacting the department with regard to both sets of automatic taxpayer refunds.

## Introduction

For the state fiscal year ending on June 30, 2021, Indiana was determined to have excess reserves that triggered an automatic tax refund under IC 4-10-22-3(a)(2). As a result, for the 2021 tax year, Indiana has issued or will issue a \$125 refund (the "\$125 ATR") to eligible taxpayers.

During the 2022 Indiana General Assembly Special Session, the General Assembly passed SEA 2-2022(ss), which the Governor signed into law. SEA-2-2022(ss) enacted IC 4-10-22-4.5, which provided an additional automatic taxpayer refund ("\$200 ATR") of \$200 for taxpayers who were eligible for the \$125 ATR. In addition, this legislation provided that the \$200 ATR would be available for certain individuals who were not eligible for the \$125 ATR.

This bulletin provides guidance on how the \$125 ATR and \$200 ATR have been issued and other issues relevant to issuing the \$125 ATR and \$200 ATR.

**NOTE:** The amount of the ATRs discussed in this bulletin reflect the amounts issued to individual taxpayers filing individual returns or married filing separately. For taxpayers who were married filing jointly, each ATR to which the two persons in the couple were entitled were combined into a single amount and issued as such. For instance, the \$200 ATR for a married couple filing jointly was combined into a total \$400 ATR and either direct deposited or issued as a check. Any reference to the \$125 ATR or \$200 ATR can be doubled when determining how the guidance in this bulletin applies to persons who filed married filing jointly returns.

## Eligibility for the \$125 ATR and the \$200 ATR Issued During 2022

As of the publication date of this bulletin, both the \$125 ATR and \$200 ATR have been processed for almost all individuals (see **NOTE** below) who filed an Indiana resident return for the 2020 tax year and whose return had a postmark date of Jan. 3, 2022, or earlier. An Indiana resident return means:

1. A Form IT-40. If a couple was married filing jointly on their 2020 IT-40, then both spouses will be treated as filing an Indiana resident return.
2. A Form SC-40, provided that the individual indicated residence in Indiana for the year in question. An individual who indicated residence in Indiana for less than six months in the taxable year will not be treated as filing an Indiana resident tax return for the taxable year. See the information below for possible issues that may arise with SC-40 filers.
3. A Form IT-40PNR, provided that the individual was married filing jointly and was an Indiana resident for the entire taxable year, as verified by Schedule H of the Form IT-40PNR. See the information below for possible issues that may arise with IT-40PNR filers.

An individual who is eligible for the \$125 ATR is automatically eligible for the \$200 ATR to be issued during 2022.

**NOTE:** In isolated cases, the \$125 ATR and \$200 ATR have not been processed for eligible individuals. Please see the section below regarding taxpayers who have not received their ATRs for further information.

## Issuance of the \$125 ATR and \$200 ATR During Calendar Year 2022 to Individuals Eligible for the \$125 ATR

Neither the \$125 ATR nor the \$200 were claimed directly on an individual's 2021 income tax return or combined with a taxpayer's tax year 2021 refund. Instead, they were issued as a direct deposit (either separately or combined) or as a single check.

## Taxpayers Using Direct Deposit

Individuals that listed direct deposit checking or savings information on their 2021 individual income tax return received a direct deposit of the \$125 ATR. Because of the timing of the deposits, some individuals received their \$125 ATR as a separate deposit from their \$200 ATR, and some received both ATRs in the same deposit. For those that received the \$125 ATR deposit prior to the issuance of the \$200 ATR, the \$200 ATR was issued via direct deposit and deposited into the same account into which the \$125 ATR was deposited. If the direct deposit of the \$125 or \$200 ATR was rejected (e.g., a closed account), the ATRs were issued by check.

## Taxpayers Not Using Direct Deposit

Several groups of individuals received the \$125 ATR and \$200 ATR by check. These individuals generally fall into one of several categories:

1. Individuals who were not due a refund for tax year 2021, and therefore did not provide direct deposit information with their tax return.
2. Individuals who were due a refund for tax year 2021 but who did not include direct deposit information.
3. Individuals who requested refunds via direct deposit on their 2021 tax return, but for which the department could not complete the direct deposit.
4. Individuals with certain tax refund advances or refund anticipation loans. The exact treatment depended on the direct deposit account listed on the eligible individual's return.
5. Individuals who did not file a tax year 2021 tax return prior to issuance of the check.

If an individual was eligible to receive the \$125 ATR, but did not receive it prior to issuance of the \$200 ATR, the individual generally was issued a check or direct deposit of \$325. This amount reflects the sum of the \$125 ATR and the \$200 ATR.

For eligible individuals who did not request direct deposit for refunds on their tax year 2021 return or who had not filed a tax year 2021 return by mid-August 2022, the \$125 and \$200 ATR were issued as a combined check beginning in mid-August and continuing through September 2022. These checks have been mailed to the last known address of the individual, generally the address listed on the most recently filed individual income tax return or the most recent updated address that the department has on record.

## Taxpayers with Unpaid State Income Tax Liabilities

If an eligible individual was to receive a \$125 ATR or \$200 ATR and had an unpaid state income tax liability, the amounts of the ATRs were first applied against the state tax liability prior to issuance of any remaining ATR amounts left. The \$125 ATR and \$200 ATR were applied to 2021 individual income tax liabilities, then to individual income tax liabilities for earlier years. Additionally, if an eligible individual had an unpaid Indiana tax liability for another tax type, the \$125 ATR and the \$200 ATR was applied against that liability as well. Further, if the individual had a liability to a state agency, state university, local government, or the IRS, and the individual's

normal tax refund for 2021 otherwise would be offset against that liability, their \$125 ATR and \$200 ATR were offset against that liability as well. Eligible individuals who received a \$125 ATR or \$200 ATR reduced by any offset have been notified by the department of their reduced refund.

## 2020 SC-40 or IT-40PNR Filer Delays

For tax year 2020 SC-40 and IT-40PNR filers, the department has used its best efforts to filter eligibility for full-year residents. However, due to filter application complexities, it is possible that an SC-40 or IT-40PNR filer properly entitled to a \$125 ATR or \$200 ATR may not initially receive their check. Eligible individuals who have not received a \$125 ATR or \$200 ATR by Nov. 1, 2022, should contact the department after that date for resolution.

## Lost or Missing Checks

If a check is lost, taxpayers will be required to complete an Affidavit of Lost or Not Received Warrant (State Form 42850). If a check is issued to an eligible individual who is now deceased, that individual's estate will be required to complete a Distributee's Affidavit for Distribution of Estates (State Form 49377), if applicable, or an Affidavit of Lost or Not Received Warrant. These forms are available at [dor.in.gov/auditor/forms](https://dor.in.gov/auditor/forms) (this link will redirect to the Auditor of State's website).

## Issuance of the \$200 ATR for Individuals Not Eligible for the \$125 ATR

SEA 2-2022(ss) provided that certain individuals who were not eligible for the \$125 ATR are eligible to receive the \$200 ATR. These individuals must meet four requirements.

The first requirement is that the individual was not eligible for the 2021 ATR. These individuals generally fall into various categories:

1. Individuals who were not full-year Indiana residents in 2020.
2. Individuals who were late filers for the 2020 tax year.
3. Individuals who had insufficient income to file for the 2020 tax year.

An individual who received a \$125 ATR and \$200 ATR by timely filing a 2020 resident income tax return cannot claim a second \$200 ATR. For purposes of determining eligibility, if the \$125 ATR and/or \$200 ATR were used to offset other liabilities, the individual will be considered as receiving the \$125 ATR and \$200 ATR in 2022.

*Example:* Individual 1 filed a 2020 Indiana resident income tax return in a timely manner. Individual 2 was not an Indiana resident but moved to Indiana in 2021 and was a full-year resident in 2022. Assume both Individual 1 and Individual 2 meet the other eligibility criteria and file a joint 2022 Indiana tax return. Individual 1 may not claim the \$200 ATR because the

individual received both the \$125 ATR and \$200 ATR. Individual 2 may claim the \$200 ATR on the joint 2022 return.

The second requirement is that the individual is not claimed as a dependent of another taxpayer for the 2022 taxable year. If the department determines that an individual is claimed as a dependent on another Indiana return, the \$200 ATR will be denied or, if the \$200 ATR was issued, the department will issue an assessment for repayment of the \$200 ATR.

The third requirement is that the individual receives Social Security benefits in 2022. For purposes of this requirement, any benefit paid by the federal Social Security Administration will qualify. See [ssa.gov/oact/progdata/types.html](https://ssa.gov/oact/progdata/types.html) for a listing of included programs. However, railroad retirement benefits or certain benefits paid in lieu of Social Security benefits (e.g., federal CSRS pensions) will not qualify. In addition, if an individual receives Social Security benefits during 2022 but is required to repay the benefits in full, the individual will not be considered to have received benefits in 2022. If an individual received benefits other than Supplemental Security Income, they will be required to provide a copy of Form SSA-1099 for the qualifying individual(s) with their return. If an individual received Supplemental Security Income (SSI) benefits, they will be required to provide documentation showing their eligibility for benefits in 2022.

Lastly, the individual must file an Indiana resident income tax return for the 2022 tax year in calendar year 2023 before Jan. 1, 2024. For purposes of this requirement, the individual's residence in Indiana must meet the statutory and regulation requirements for residency. Per these requirements for residency, an individual is considered an Indiana resident if the individual maintains an Indiana domicile for the entire taxable year or, in the alternative, the individual both has a physical presence in Indiana for more than 183 days, maintained a permanent place of residence in Indiana, and reported all federal adjusted gross income as Indiana-source income for Indiana tax purposes. The individual claiming the \$200 ATR in this case generally must file a Form IT-40 for 2022. If an individual is eligible to file Form SC-40 for 2022, the \$200 ATR can be claimed on that form. However, if the individual claiming the \$200 ATR is married and otherwise is required to file a Form IT-40PNR, a Form IT-40PNR will be required to claim the \$200 ATR. This credit may be claimed on a return filed on behalf of a decedent, provided that the decedent met the eligibility requirements set forth above.

The \$200 ATR for individuals who did not receive the \$125 ATR or \$200 ATR during 2022 will be subject to offset for liabilities owed to the department for delinquent taxes in the same manner as any other refund. In addition, if an individual owes a liability to a state agency, state university, local government, or the IRS, the \$200 ATR will be subject to offset in the same manner as any other refund.



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