

INDIANA DEPARTMENT OF REVENUE

ANNUAL REPORT
2014

Oct. 1, 2014

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 2014 (July 1, 2013 – June 30, 2014), hereinafter referred to as FY 2014, as required by Indiana law (IC 6-8.1-14).

The department continued to focus on achieving our strategic priorities:

1. Filing simplification and minimizing regulatory burden for small businesses
2. Accuracy and reliability of filing and reporting
3. Compliance improvement to create a level playing field
4. Team development to ensure sustained success

FY 2014 was a significant year for the department as we continued to implement our Good to Great strategic plan, continued remediating major findings of the Deloitte & Touche Controls and Performance Audit, continued to transition taxpayers to electronic filing and payments, and continued enhancing systems and processes to achieve efficiencies and effectiveness.

Significant achievements include the launch and successful execution of an Identity Protection Program for individual taxpayers, extensive public outreach campaigns to educate taxpayers, improvements in responding to taxpayer customer service needs, significant increase in collecting delinquent tax liabilities, and the execution of a successful Tax Competitiveness and Simplification Conference.



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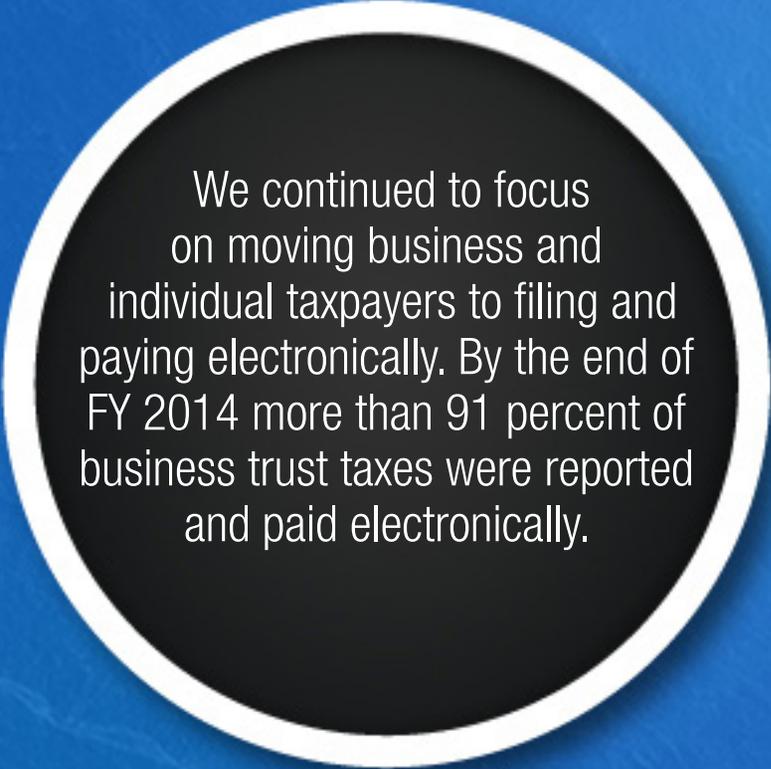
KPIs

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

- Revenue per \$1 of cost for the year was more than \$240, which was better than projected.
- The department successfully handled 88.6% of telephone calls during the year – a 19% increase over the prior year and well above minimum KPI standard.
- Delinquent tax collections exceeded our KPI significantly with \$223 million collected – a 35% increase over the prior year.

Deloitte

During FY 2014 the department successfully addressed many of the recommendations in the Deloitte & Touche Audit conducted in FY 2013. More than half of the recommendations have been implemented, and an



We continued to focus on moving business and individual taxpayers to filing and paying electronically. By the end of FY 2014 more than 91 percent of business trust taxes were reported and paid electronically.

additional 27 percent will be completed by the end of CY 2014. Remaining recommendations will be part of the Integrated Tax System of the future.

Electronic Filing

Individual taxes electronically filed and paid during the traditional filing season of January through April 2014 reached 82 percent compared to 79 percent the prior year. We continued to focus on moving business and individual taxpayers to filing and paying electronically. By the end of FY 2014, more than 91 percent of business trust taxes were reported and paid electronically. This represents a preponderance of more than 3 million filings received from Indiana businesses annually. The department was honored with a Better Government Innovation Award by the Midwestern States Association of Tax Administrators for the transition to electronic filing for business trust tax taxpayers.

Enhancing Systems

FY 2014 also saw continued enhancements to our technology platforms to achieve efficiencies and reduce risk. One major milestone was the elimination of 70 standalone tracking or processing systems that were out of warranty or support by vendors. This year also saw the beginnings of developing the Business One Stop Portal in cooperation with the Secretary of State and Department of Workforce Development. Finally, we achieved significant risk reduction by adding enhanced data security through additional encryption protocols.

ID Protection

In FY 2014 the department launched a sophisticated Identity Protection Program to help 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. 24, the department had stopped more than \$73 million in fraudulent refunds through this program.

Outreach

During this fiscal year, the department increased outreach efforts to conduct taxpayer education and information programs around the state. More than 65 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.

Call Center

During the traditional individual tax filing season, our customer interaction center significantly improved the success rates for answering taxpayer telephone calls on the first attempt.

Collections

FY 2014 saw significant increases in the collection of delinquent tax obligations. The department collected \$223 million in such taxes this year compared to \$165 million in FY 2013. Additional enhancements were made to our reporting systems and interaction between the department and our collection agents.

Tax Conference

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.

LOOKING FORWARD

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.

Electronic Filing

Enhancement of our business trust tax platform, INtax, continues with a target release date of January 2015. We will add food and beverage tax and county innkeeper's tax to INtax in November 2014. In a major new development, we will offer electronic filing for sub-chapter S corporations

in 2015 for 2014 taxes. This will be the first electronic filing option for corporate income taxes in Indiana.

Compliance

In FY 2015 our compliance team will focus on enhancing our relationships with agencies, sheriffs, and others. In addition, the division will focus on identifying and contacting the approximately 10 percent of individual taxpayers who do not file and encouraging their compliance.

Integrated Tax System

As we look to the future of our 20-plus-year-old tax processing system, we will launch a feasibility study in FY 2015 to examine options and ways to replace this system of record over the coming 5-7 years.

ID Protection

With the success of FY 2014, we will continue to enhance our Identity Protection Program and fraud protection programs in FY 2015. It is clear there are sophisticated, multimillion-dollar criminal enterprises attempting to defraud Hoosiers of their refunds and the state of its revenue.

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



Michael J. Alley
Commissioner
Indiana Department of Revenue

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

Part I

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 2014 (FY 2014), the department served more than 4.2 million individual taxpayers and more than 225,000 business taxpayers, collecting more than \$17 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 stakeholder group includes individual and business taxpayers; legislators; counties and municipalities; multiple state agencies; more than 2,000 tax practitioners; and more than 25 interest groups (chambers, associations, etc.).

Key Performance Indicators

- **Revenue per \$1 of Cost**—During FY 2014, the department collected \$17.3 billion of revenue and expended \$71 million in operating and capital dollars, or more than \$240 collected per \$1 spent. Expenditures included \$4.7 million related to the RSI Modernization Project and \$4 million for the identity protection pilot program. Given those costs, the department expected the revenue per \$1 of cost to fall as low as \$230.
- **Percent of Customer Calls Handled Successfully**—During FY 2014, the department handled 753,000 calls a 19% increase over the prior year. This represented a call success rate of 88.6%, above the KPI target of 85%, and significantly above the prior year of 79%. This improvement resulted from implementation of a disciplined "All-In" concept, enhanced flex staffing, and reorganized managerial leadership.
- **Revenue Collected from Noncompliant Taxpayers**—During FY 2014, the department collected \$223 million in delinquent tax payments, an increase of \$58 million, or 35% over the prior year. This increase reflects reorganized leadership, enhanced accounts receivable reporting, improved collections procedures, and consolidation of third-party collection efforts.

Other Key Achievements

- Trust tax collections using the INtax online platform grew to \$6.8 billion compared to \$4.6 billion in 2012, an increase of 48%.
- INtax now has more than 225,000 registered businesses and is growing rapidly.
- Completed the phase-out of Inheritance Tax Group with residual work absorbed in other areas of the department.
- Led planning and execution of Governor Pence's Tax Competitiveness and Simplification Conference, which set the stage for potential future legislative changes.

DEPARTMENT HIGHLIGHTS

Other Key Achievements (continued)

- As of Sept. 24, 2014, more than \$100 million in wrongfully requested tax refunds was blocked by the Indiana Department of Revenue during the 2014 tax season, including \$73 million in fraudulent refunds and \$39 million in fraudulent tax credits and deductions. The department's Special Investigations Unit (SIU) confirmed more than 67,000 returns as attempted refund fraud this year.
- Achieved a 95% recommend rate from INfreefile users.
- Honored with a Better Government Innovation Award by the Midwestern States Association of Tax Administrators (MSATA) for the transition to electronic filing for business trust tax taxpayers. The award honors member revenue agencies that "improve services to taxpayers and tax administration through innovation."

Progress on Strategic Priorities

The department continues to make significant progress in executing its Good to Great Strategic Plan adopted in 2013.

Progress on certain key strategic priorities during the last year includes:

- Improved communications with business taxpayers, which increased filing compliance and reduced best information available notifications by 25%.
- Played active role in defining requirements and selecting vendor for Business One Stop Portal project.
- In support of the governor's Cut the Red Tape Initiative, reduced or eliminated 30 pages of regulations, reducing administrative burden for taxpayers.
- Eliminated or replaced 70 standalone processing applications that were not properly supported or being used.
- Addressed disaster recovery concerns by completing a Continuity of Operation Plan and conducting desktop disaster simulation exercise.
- Enhanced data security through additional Oracle encryption installations.
- Completed phases I and II of RPS-to-PeopleSoft integration.
- Implemented Assurance and Advisory Services Group to provide effective internal audit and review of operations and enterprise risks.
- Created new accounts receivable reporting to strengthen collections capabilities.
- Strengthened staff and capability of Special Investigations Unit.
- Executed exhausted liability project, resulting in more than \$12 million of collections from old, delinquent tax accounts.
- Enhanced offerings and increased participation in personal development and training programs for all agency employees.

IDENTITY PROTECTION PROGRAM



During the 2014 individual tax filing season, the department implemented an Identity Protection Program to reduce taxpayer identity theft and the disbursement of fraudulent tax refunds.

FY 2014

14,000

FRAUDULENT IDENTITIES FOUND

\$16 MILLION

FRAUDULENT REFUNDS NOT ISSUED



50,000

TAXPAYERS PROTECTED THEIR IDENTITIES BY TAKING THE IDENTITY CONFIRMATION QUIZ

CY 2014

\$73,000,000

FRAUDULENT REFUNDS NOT ISSUED
(AS OF SEPT. 24, 2014)

ACCOMPLISHMENTS

Identity Protection Program

During the 2014 individual tax filing season, the department implemented an Identity Protection Program to reduce taxpayer identity theft and the disbursement of fraudulent tax refunds. During FY 2014, the program yielded exceptional success with more than 14,000 confirmed instances of fraudulent identities and more than \$16 million of fraudulent refunds not being issued, thus saving money for the state and Hoosier taxpayers.

More than 50,000 taxpayers took an Identity Confirmation Quiz to help the department confirm their identities. Most survey respondents said the quiz was easy and quick to take, and many expressed appreciation for the additional level of protection.

Business Outreach Education Program

When new and small Hoosier businesses have difficulty with taxes, it is often due to not understanding Indiana regulations regarding filing and paying taxes in Indiana. To address this issue, the department created a business outreach education program this year with the goal to help businesses thrive through better taxpayer education earlier in the business formation process.

The program offered more than 65 free business tax presentations and resources to Hoosier organizations and the public. The presentations discuss pertinent tax information for new and small businesses, and attendees have the opportunity to have questions answered by an experienced department representative. The department held 3 new and small business seminars in partnership with the Indiana CPA Society, 9 presentations with Indiana chambers of commerce, and 15 presentations specifically for convenience store owners. As additional resources, a program website and tax handbook for convenience store owners were created.

Indiana Tax Competitiveness and Simplification Conference

The department assisted Governor Mike Pence and the 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.

The conference generated the following outcomes:

- Speakers: 41
- Attendees: 108
- Attendee satisfaction: 93%
- Public forum comments: 32
- Media articles: 112
- Tweets: 109

\$16

MILLION IN FRAUDULENT
REFUNDS STOPPED
IN FY 2014

65

FREE BUSINESS
PRESENTATIONS

100+
ATTENDEES

ACCOMPLISHMENTS

Customer Interaction Center

In FY 2014, the department focused a major effort on cross-training full-time and temporary staff employees. Team members in the individual tax and business tax sections were trained to handle both individual and trust tax basic telephone calls as well as routine calls relating to identity protection, fraud, and collection issues. Cross-training enabled the department to provide better telephone coverage and overall customer service during seasonal peak periods.

At peak volume during the month of April 2014, 7,266 calls were answered by All-In partners. This represented about 12% of the total call volume. This was the primary contributor to the number of calls handled increasing from 74,550 in April 2013 to 84,883 in April 2014, during which percent of calls answered increased from 66% to 88%.

Collections

In 2014, the department collected \$223 million of delinquent taxes compared with \$165 million the previous year.

FY 2014 was the first full year under the new operating structure. This structure organizes all inbound collection activities in one unit. During FY 2014, this group collected \$19.1 million compared with \$19.4 million in FY 2013. Although total dollars collected by this group were nearly flat during FY 2014, the total number of telephone calls handled increased from 176,181 to 227,336 and the percentage of calls answered increased to 87% from 84%.

Outbound collection activities (those actions where the department actively pursues delinquent taxpayers) improved results for a second straight year. During FY 2014, this group collected \$102.1 million compared to \$75.8 million in FY 2013.

Deloitte Touche, LLP Report Progress

Deloitte Touche, LLP, conducted a comprehensive Controls and Procedures Audit. Their report issued in December 2012 provided a guidepost for the department to address internal control, governance, process, system, and procedure weaknesses and deficiencies. The department has been aggressively implementing changes to address the 146 observations/recommendations made in the report.

Through June 2014, the department has implemented changes to address 53% of those observations/recommendations and have additional changes that will encompass another 27% to be completed by December 2014. The remaining observations/recommendations will require implementation of a fully integrated tax system and require significant application system changes anticipated over the next 5 – 7 years.

19%
MORE CALLS
ANSWERED

\$223
MILLION
COLLECTED

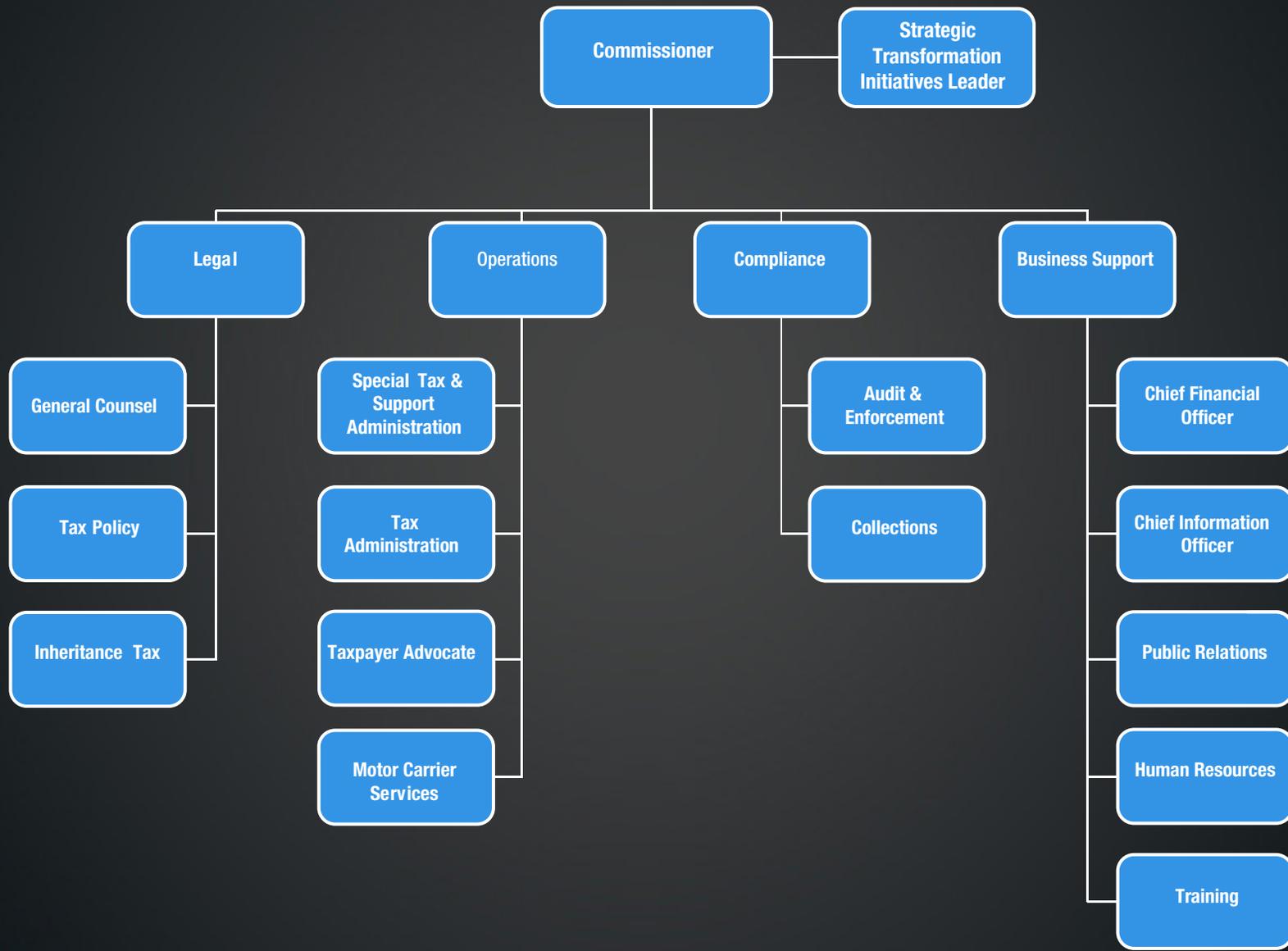
80%
RECOMMENDATIONS
ADDRESSED
BY DEC. 2014



Part II

The following section reflects the areas that make the Indiana Department of Revenue a taxpayer-focused and successful state agency. After reviewing the organization and leadership of the department, the report provides background on the key divisions that enable the department to best serve taxpayers and reviews FY 2014 accomplishments. In addition, each division presents its plans to continue serving taxpayers and accomplish the mission of the department.

DEPARTMENT ORGANIZATIONAL STRUCTURE



DEPARTMENT LEADERSHIP



Commissioner Michael J. 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.

Tax Administration Deputy Commissioner Bill 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.



Enforcement Deputy Commissioner Ron Broughton, CPA, 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, Conesco, 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.

DEPARTMENT LEADERSHIP (continued)



Special Tax and Support Administration Deputy Commissioner Jim 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.

General Counsel Asheesh 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.



Human Resources Director Beverly 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.

Deputy Director of Compliance Milton 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.



DEPARTMENT LEADERSHIP (continued)



Public Relations Director Robert Dittmer, APR, 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).

Strategic Transformation Initiatives Leader Matthew D. 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.



Chief Information Officer (Interim) Kevin 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.

Chief Financial Officer Valerie 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 LLP. She earned her bachelor's degree in accounting and MBA in finance from Indiana University's Kelley School of Business.



DEPARTMENT LEADERSHIP (continued)



Taxpayer Advocate and Department Disclosure Officer Tammy 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.

Deputy General Counsel Doug 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.



OPERATIONS



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.

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.

OPERATIONS LOOK BACK

Identity Protection Program –

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.

Final results are not yet complete, but during FY 2014 this pilot program has already yielded exceptional success with more than 14,000 confirmed instances of fraudulent identities and more than \$16 million of fraudulent refunds not being issued, thus saving money for the state and Hoosier taxpayers.

The department conducted a pilot program in FY 2014 with LexisNexis allowing the department to check identities against national

databases. Before the tax season, the department's public relations personnel launched a major public awareness campaign to alert taxpayers what to expect with this program and how to protect themselves from identity theft. In addition, the department allocated eight experienced tax analysts to assist processing fraudulent returns. The team identified 5,000 identities that were potentially compromised, and the system verified more than 2 million refund returns—all accomplished with negligible delay to the department's refund process.

Taxpayer education, support, and notification were key success criteria of this program. The department's Public Relations Division created online training; gave 36 media

interviews; and had 94 media placements, including articles targeted to our Spanish-speaking taxpayers. The department reached out to the Indiana tax preparer community, Indiana community organizations, top employers, and other state agencies to communicate with a broad audience.

For taxpayers selected for additional scrutiny, the department sent more than 114,000 confirmation request and reminder letters. The online confirmation quiz that verified taxpayers' identities took less than 3 minutes to complete.

More than 50,000 taxpayers successfully completed the identity confirmation process; 77% of those confirmed taxpayers who took the post-confirmation survey stated that the Identity Confirmation Quiz was

easy to complete, and 92.5% stated that the instructions were clear.

For taxpayers with difficulties or questions, the department set up a dedicated telephone line and call center team to handle identity protection queries. This team, with the help of the rest of the call center, successfully fielded more than 26,000 calls. Taxpayers who failed the quiz worked with analysts, resulting in more than 10,000 returns being released for taxpayers who had trouble with the identity quiz.



Indiana freefile – Indiana continued to offer no-cost, online tax filing services to those who qualify through the Indiana freefile (INfreefile) program. In FY 2014, INfreefile brought free, professional tax services from seven major online tax preparers to many Indiana taxpayers from centralized Department of Revenue and IRS websites. Indiana taxpayers who qualified were able to file both federal and state taxes using sophisticated online tax filing services.



More than 119,000 taxpayers have taken advantage of this free online program. In addition, 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 2014, business analysts and information technology staff have been working to upgrade existing INtax functionality by redesigning screen layouts, improving navigation within the system, and adding new tax types. For example, the aviation fuel tax (AVF) was added as a tax type to INtax.

New legislation effective Jan. 1, 2013, mandated all businesses collecting Indiana sales and withholding taxes must file and pay electronically. A proactive outreach campaign continued during FY 2014, which has driven business payments up to \$6.8 billion in FY 2014 versus \$4.6 billion in FY 2012. As the result of a highly effective INtax outreach campaign, the number of new registered businesses in INtax reached 225,504 in FY 2014.

Furthermore, during FY 2104, the department began sending taxpayers email reminders concerning upcoming due dates for filing and paying their taxes, missed due dates for filing and paying, and pre-billing notifications to inform them of delinquent tax periods. The department implemented these monthly email communications in response to taxpayers' requests for these reminders.

The INtax system includes a secure email message center. INtax customers are encouraged to communicate with the department using this message center. During FY 2014, more than 40,000 INtax messages were answered by business tax staff through this secure system.

Customer Interaction Center – Prior to the 2014 tax season, the department's "All-In" project was enhanced to include additional queues and areas of support. The goal of this initiative is to allow knowledgeable staff throughout the department to assist with phone calls during periods of high demand.

In FY 2014, the department cross-trained full-time and temporary employees. Team members in the individual tax and business tax sections were trained to handle both individual and trust 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.

At peak utilization during April 2014, 7,266 calls were answered by All-In partners. This represented 12% of the total call volume. This was the primary reason the total volume of calls handled increased from 74,550 (66%) in April 2013 to 84,883 (88%) in April 2014.

Customer Service Success Year over Year

	FY 2014	FY 2013
Telephone calls	753,148	630,352
Email	53,015	45,633
Walk-In	22,789	12,969
Correspondence	50,574	40,009

Taxpayer Advocacy – 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 also 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 could 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 was:

FY 2014	5,430
FY 2013	1,837
FY 2012	2,641

Of the more than 9,420 calls answered by TAO, 94.47% of these calls were resolved.

The total amount of dollars collected by TAO was:

FY 2014	\$4,476,232
FY 2013	\$4,157,975
FY 2012	\$3,904,880

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



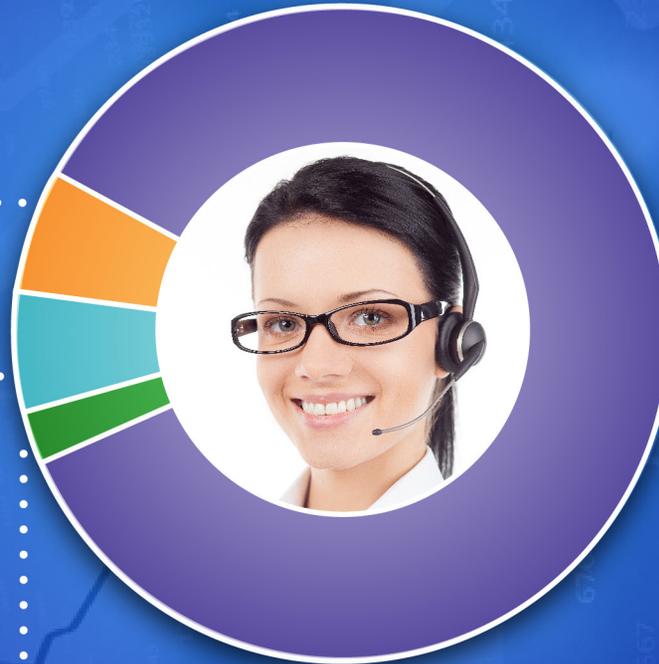
CUSTOMER INTERACTION CENTER SERVES TAXPAYERS

[The Front Line]

753,148
CALLS ANSWERED



153,850
TAXPAYERS SERVED
AT 1 OF OUR 12
DISTRICT OFFICES



53,015
EMAILS ANSWERED



19%↑
INCREASE IN
ANSWERED CALLS

50,574
LETTERS SENT



22,789
TAXPAYERS SERVED
AT CENTRAL OFFICE



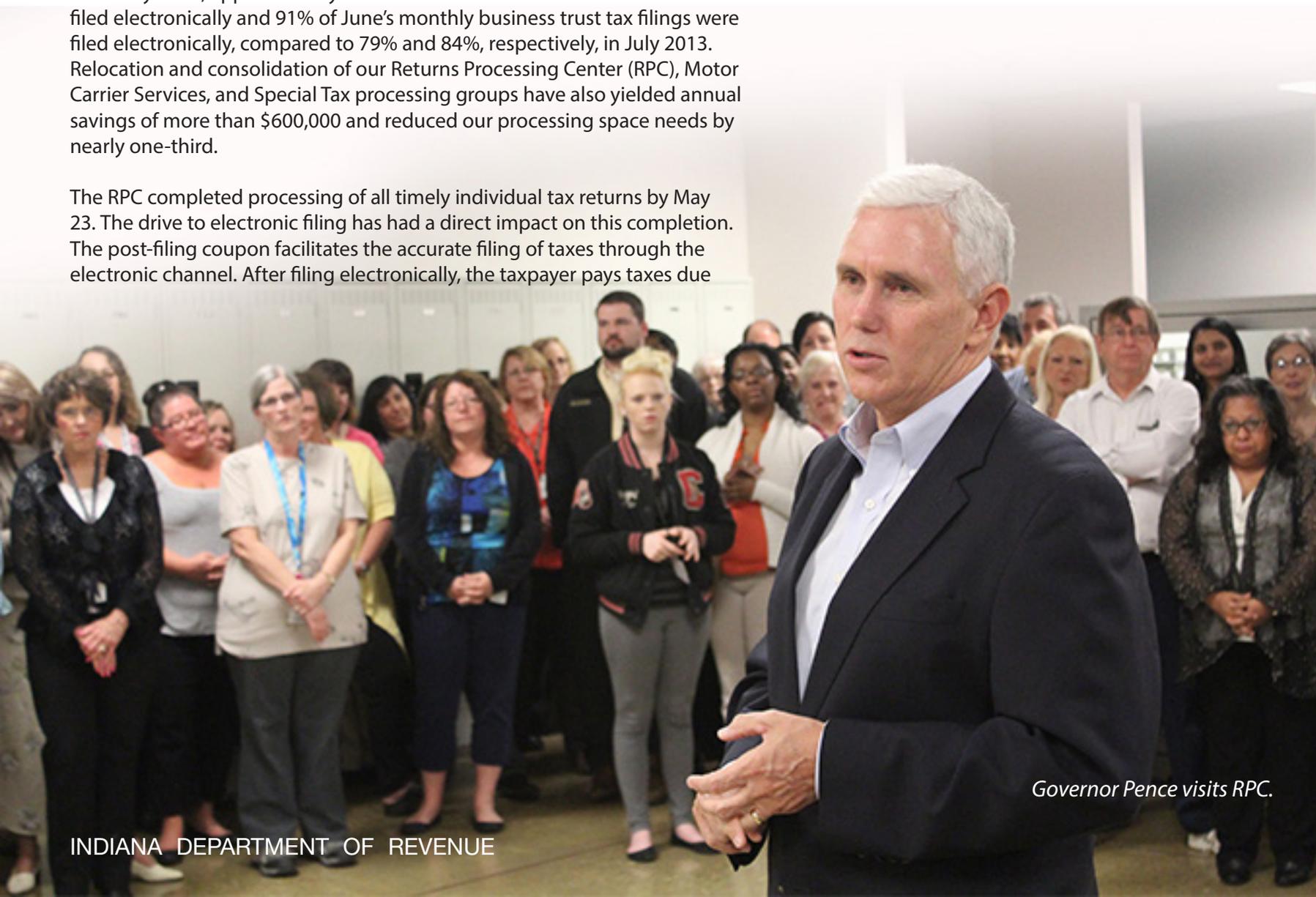
4 MIN
AVERAGE PHONE
WAIT TIME

Returns Processing Center – Implementation of enhanced imaging technology, advanced electronic filing mechanisms, an integrated telephone system, and comprehensive staff training in a customer-focused service approach have resulted in the department being recognized as a national leader in service and efficiency among state departments of revenue. The agency has been able to achieve exceptional operational results, while at the same time reducing direct expenses.

As of July 2014, approximately 82% of 2013 individual tax returns had been filed electronically and 91% of June's monthly business trust tax filings were filed electronically, compared to 79% and 84%, respectively, in July 2013. Relocation and consolidation of our Returns Processing Center (RPC), Motor Carrier Services, and Special Tax processing groups have also yielded annual savings of more than \$600,000 and reduced our processing space needs by nearly one-third.

The RPC completed processing of all timely individual tax returns by May 23. The drive to electronic filing has had a direct impact on this completion. The post-filing coupon facilitates the accurate filing of taxes through the electronic channel. After filing electronically, the taxpayer pays taxes due

before April 15 and his tax account is credited. This speeds overall processing significantly. During the late-March through April timeframe (RPC's peak season), the number increased from more than 727,000 post-filing coupons and estimated payments processed in FY 2013 to more than 937,000 in FY 2014 (an increase of more than 210,000 coupons and payments in a fiscal year).



Governor Pence visits RPC.

In an effort to enhance quality control, new inspection procedures were implemented in FY 2014. The result was more efficient processing with fewer errors. The amount of data captured with imaging is four times the amount of data captured with older processes. The department focused on processing payment checks quickly and accurately. Those efforts, including inspecting envelopes for lost checks, resulted in a six-fold reduction in the number of taxpayers claiming lost checks from the same period two years ago.

Center of Excellence – Since July 2011, the RPC has processed 571,000 quarterly unemployment compensation returns for the Department of Workforce Development (DWD). Prior to 2011, the same processing cost DWD \$1.14 million to process with an outside contractor. Using RPC services, the cost was only \$279,000.



This experience has given birth to the idea of the Center of Excellence for imaging and remittance processing. The department is positioned to become the go-to agency for developing and processing imaged documents for all state agencies.

Leveraging current expertise, resources, and capabilities, the RPC can provide indexed image capture, data capture, and remittance processing for other state agencies. Using the RPC's existing infrastructure, state agencies gain access to state-of-the-art image and remittance processing for a fraction of the cost of developing the same capabilities in-house or procuring the same service levels through outside entities. All the while, the department maintains the infrastructure necessary to efficiently process taxpayer returns during the peak season.

Tax Administration Processing Review Division – The department's tax administration processing review division 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 division 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 division 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. However, this year amended returns were down to 38,000.

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 was ever stopped and reviewed.

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.



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 fireworks public safety fee has existed since 2006, but this year the Special Tax Division worked cooperatively with the Department of Homeland Security and the department's field audit division, who physically visited those taxpayers who appeared to be out of compliance. The Special Tax Division also found a number of licensed entities selling alcohol that had not been filing excise tax returns. By making contact with these businesses, the

department was able to bring them into compliance, which is not only benefits the department, but benefits all taxpayers by leveling the field.

Developing a team of knowledgeable analysts has been a priority this year. The Special Tax Division addressed a lack of written procedures, outdated procedures, and processes that only one analyst handled. The division developed new procedures, cross-trained its staff, and distributed the work more efficiently.

Motor Carrier Services – Indiana supports the largest International Registration fleets in the country with 294,507 trucks. 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 2014 include the following:

- **Fuel Tax System** – During the first complete year of mandated online renewal filing, MCS averaged 90% of renewals completed before the revocation date and increased the timely fuel tax filing percentage from 82% in the first quarter to 87.5% in the fourth quarter. MCS approved exemptions for filing and/or paying online for less than 2% of carriers, due mainly to an inability to use a computer. A survey of online Fuel Tax System users showed 92% percent were satisfied with the Fuel Tax System, with 89% rating the 24/7 access to file, pay, or print copies or quarterlies as helpful.
- **National Unified Carrier Registration Portal** – In 2007, the State of Indiana was approved by the Unified Carrier Registration Board to provide an online system for use in the

United States, Canada, and Mexico. This system gives carriers the ability to process their Unified Carrier Registration (UCR) payments at a single location. In FY 2013, Indiana was awarded another five-year contract to provide this service. Since 2011, the UCR system has provided the state more than \$1.9 million, which is used to enhance truck safety.

- **Overweight Commodity Permit Implementation** – Overweight commodity permits became available through the online system on June 1, 2013. At that time, the department issued only seven-day, single-trip permits for this permit type. The department issued 32,778 permits through the online system from June 1 to Dec. 31, 2013. From January 2014 through July 2014, the department issued 31,937 online permits.
- **New Statuses** – On Jan. 1, 2014, new laws created the Annual Overweight Commodity permit. To qualify for this new permit, a truck must meet the 2.4 ESAL axle weight. If it meets this standard, the system automatically issues the carrier an annual permit. The annual permit gives the carrier the opportunity to run 364 days from the date of the permit and is truck and route specific. The customer is still responsible for checking the route each time they move to make sure no restrictions exist on that route. The permit is free, though carriers must pay a \$20 administration fee. From Jan. 1, 2014 to July 10, 2014, MCS issued 2,096 commodity permits, of which 218 were annual permits.

- **International Registration Plan (IRP)** – Truck companies are choosing Indiana over other states when registering for the IRP. 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.

Currently, there are more than 8,000 companies registered with IRP and almost 9,000 fleets in Indiana. In fact, 9 of the top 10 carriers in the country (based on the number of trucks) are registered in Indiana.

- **Base Plate Registration (BPR)** – MCS assumed responsibility for base plate registrations from the Indiana Bureau of Motor Vehicles for companies with 25 or more commercial vehicles weighing 26,001 lbs. or more. When the transfer happened, MCS quickly processed renewals for 12,411 vehicles, belonging to 81 Indiana commercial trucking companies. MCS received positive feedback from carriers because they now can process both IRP and BPR at one location and in one system—providing them with a true one-stop shop for their commercial plates.



SCOTT AND TAWNY

After filing using a tax service, Scott and Tawny R. didn't think much about their return. They assumed everything was fine. But then they received an unexpected bill from the Indiana Department of Revenue.

Confused, Scott and Tawny called their tax service, who identified it as a mistake and told them they would work with the department and take care of it.

A few months later, Scott and Tawny received a notice saying due to nonpayment of the tax bill that was never resolved by the tax service, a lien was placed on their home.

This mistake had a major impact on this family. They had planned to put their house on the market but couldn't because of the lien. Their credit scores had also taken a hit, and more importantly, their daughter was denied a student loan for nursing school.

After unsuccessfully trying to work with the tax service, Scott finally called the Indiana Department of Revenue's Taxpayer Advocate Office and was assigned taxpayer representative Laura B.

Scott said Laura was kind and sympathetic because she understood the situation was not their fault and the issue needed to be resolved quickly. She energetically worked with him and the vendor to resolve the issue and updated him regularly.

"She was always pleasant to talk to and gave me her direct phone line," said Scott. "Laura was actually more helpful than [the tax service] was on getting the lien removed."

Laura helped them get the required letter from the tax service claiming ownership of the mistake, and she was finally able to submit Scott and Tawny's case for expungement and removal of the lien.

"I couldn't believe how fast it was," Scott said. "Once she got the letter from [the tax service], Laura said she would literally walk the expungement approval over to the proper people so it was taken care of as quickly as possible."

They received the expungement letter within a week, and Laura then walked Scott and Tawny through the next steps in repairing their wrongly damaged credit.

Though a serious mistake was made in Scott and Tawny's taxes, once notified, the department worked quickly to minimize damage. After almost a year of dealing with this stressful experience, Scott and Tawny were finally able to put their house on the market and correct their credit scores, and their daughter's student loan was granted.



TAXPAYER FOCUS

OPERATIONS LOOK FORWARD

Better Technology, Better Service – The Returns Processing Center is leading the department’s effort to improve vendor certification. With 80% of individual taxpayers submitting returns electronically, any 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 will test 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 pages of documents. This low-cost solution will enable DCS to save money on office space and have instant access to secure electronic images on any desk in the state.

INTax – During FY 2015, gasoline use tax, food and beverage tax, and county innkeeper’s tax will be added to INTax. In addition, a significant upgrade of the system will be completed and launched in FY 2015.

INDIANA DEPARTMENT OF REVENUE



Customer Interaction Center – The department has identified a need for a customer relationship management (CRM) system to provide more effective customer service. Currently, department employees must access various independent systems and databases to assist taxpayers, which has led to reduced efficiency and accuracy.

In an effort to avoid duplication of resources, a review is underway of current software products already in use to determine whether any of these products will meet the need without additional expenditures.

Identity Protection Program – Attempted ID theft and refund fraud continue to grow. The department’s Identity Protection Program will be further enhanced. Future program activities include additional analytics to spot fraud and public relations activities to keep taxpayers informed. Development of a pre-filter return processing mechanism will allow for a comprehensive validation of identities and reduction in refund fraud.

COMPLIANCE



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
- Proper and consistent enforcement of Indiana tax code



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; oversees fraud prevention and identity protection programs; 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 LOOK BACK

Increased Enforcement Capability – This year continues to be a period of change and transition for the Enforcement Division. The department has implemented significant improvements in audit and compliance software, including case management, workpaper preparation, and nonfiler identification. These software solutions have substantially improved the overall capabilities of the Enforcement Division. Improvements in computer software also have enabled the complete integration of audit selection, audit procedures, and audit workpapers.

Enforcement field audit staff are embracing the change that comes with adapting to new field audit software. Field audit software includes two main parts: Case Management and Audit Workpaper Tool Kit. The case management program provides increased security of taxpayer information. Audit Workpaper Tool Kit will provide increased efficiency and consistency statewide. One goal of the department is to make audit reports easier to understand for the taxpayer or his representative. This will be accomplished through the consistency provided by this tool.

These new software tools also enable improved audit selection techniques. In addition to automating the selection function, improvements in the selection criteria will lead to better identification of 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 that the most appropriate candidates for audit are selected and that all businesses are evaluated on a fair and consistent basis.

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.

Compliance – As part of its strategic goal of increasing compliance to create a level playing field for all taxpayers, the department also has implemented new compliance software to identify nonfilers. Using this technology, the department can use various data sources to help identify individual taxpayers who have not filed past tax returns.

The department can then contact them to encourage their compliance. This effort is expected to improve the overall rate of compliance, increase tax revenues for the state, and ensure that individuals pay their fair share of state revenues (creating a level playing field among taxpayers).



In addition to improving overall compliance for individual nonfilers, 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 2014, Indiana collected approximately \$12.7 million in tax revenue through its VDA program.

Preparing Employees for Sustained Success – Succession planning remains a primary objective for all of the department. The Enforcement Division has noted a significant number of employees leaving the department, primarily through retirement.

Additionally, 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.

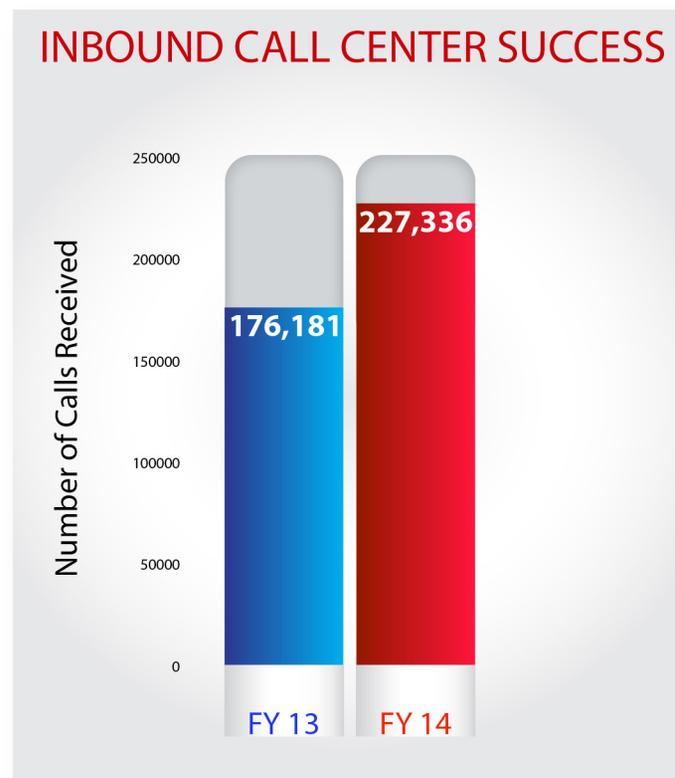
Collections – During FY 2014, the Collections Division realized the operational efficiencies resulting from its prior year reorganization. This enabled the division to focus its collection actions based on functional operations.

Additionally, during FY 2014 the division fully integrated the Special Investigations Unit, which has provided the division with the ability to pursue both civil and criminal investigations.

The division also has completed the transition to its third-party collection program. Finally, the division successfully implemented new accounts receivable reporting dashboards, which have provided both management and field collectors enhanced abilities for reviewing and pursuing delinquent taxpayers.

In FY 2014, the department collected \$223 million of delinquent taxes, compared with \$165 million the previous year.

FY 2014 was the first full year operating under the new structure, which organized all inbound collection activities in one unit. This group collected \$19.1 million in FY 2014, compared with \$19.4 million in FY 2013. Although the total dollars collected by this group was flat during FY 2014, the total number of telephone calls handled increased from 176,181 to 227,336 and the percentage answered increased from 84% to 87%.



DELINQUENT TAXES COLLECTED

\$223 MILLION

TOP 3 TAX TYPES COLLECTED:

(in millions)

Individual Income Tax



Withholding Tax



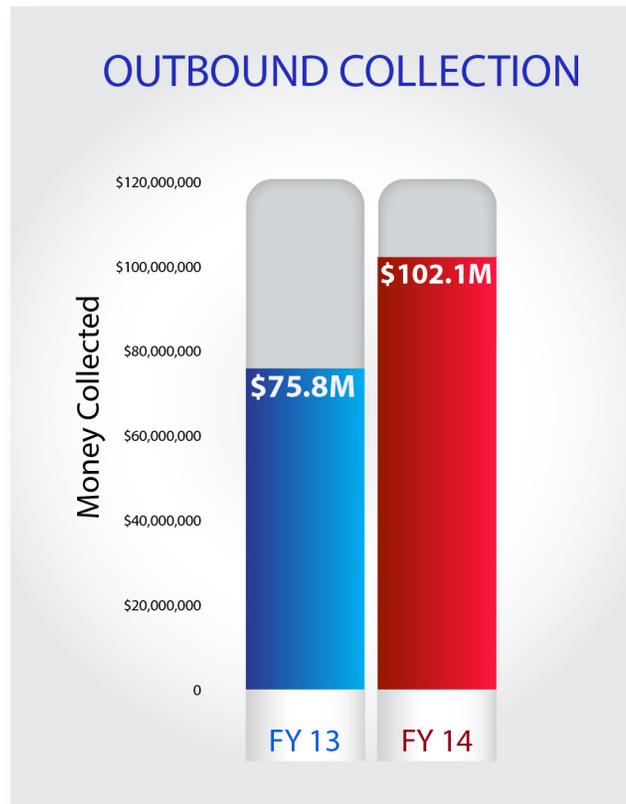
Sales Tax



74%↑
IN MONEY FROM
COLLECTION AGENCY
PARTNER

35%↑
IN TOTAL COLLECTED
REVENUE FROM
FY 2013

Outbound collection activities (those actions where the department actively contacts taxpayers) improved for a second straight year. During FY 2014, this group collected \$102.1 million, compared with \$75.8 million in FY 2013. This improvement was mainly due to the continued enhancement of the collection process as well as use of the new and improved accounts receivable reports implemented during the year. The Collection Agent Services group (responsible for managing all county sheriff and third-party collection activities) improved its collection results in FY 2014 from \$64.8 million in FY 2013 to \$94.3 million in FY 2014. During FY 2014, the department's collection agency collected \$63.9 million, compared with \$36.8 million in FY 2013.



During FY 2014, the Collections Division fully integrated the 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 2014, SIU referred 12 cases to the Attorney General's Office for prosecution. They also assisted local law enforcement agencies in criminal investigations involving tax fraud. However, their greatest achievement during FY 2014 was to implement the Identity Protection Program designed to detect and stop fraudulent requests for individual tax refunds. This program has successfully identified, stopped, and deterred identity theft in the state.

Finally, the Collections Division implemented a new accounts receivable reports dashboard in FY 2014. This dashboard provides the division with enhanced data mining and aggregation, segregation, and identification functions. This is the first step in a modernization process that will ultimately provide the division with an accounts receivable management system. This step has increased productivity and freed managers to devote more time to train new staff and work with field collectors on more difficult cases.

CAROL S.

Carol S. gave the Navy all he had in his nearly 25 years of service.

After retiring and being classified as a 100-percent disabled veteran, Carol learned something that made his situation even worse: he owed thousands of dollars in back taxes and interest.

"It was overwhelming and I couldn't afford to pay it," said Carol. "Sooner or later, my family and I were going to be out on the street."

But he took the right first step. He called the department to see what could be done. He spoke with Taxpayer Advocate Office representative Dorteia W., who worked with him to set up a reasonable and manageable payment plan.

"If it hadn't been for her," said Carol, "I wouldn't have been able to do it."

First, Dorteia spoke with him in detail to fully understand his situation. Together, they analyzed how much he could afford each month. After making a small down payment, Carol was set up with a manageable monthly payment schedule and was able to pay off the tax debt in 20 months.

He found Dorteia to be kind, understanding, and very helpful. This approach relieved Carol and his family's stress, which was further complicating his health issues.

By working together with the department, Carol was able to stay off the streets, pay the taxes he owed, and focus on what's important: his family and health.



COMPLIANCE LOOK 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:

- Continue to work closely with the 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.

Investment in third-party statistical and compliance tools and increased database information matching among Indiana state agencies will meaningfully improve the rate of compliance and increase tax revenues for the state. The department's goal is to permanently convert noncompliant 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 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.

Similarly, the department will work with several third-party vendors that have developed sophisticated algorithms and data sources to identify fraudulent or duplicative names, addresses, bank accounts, etc. to determine returns that may be fraudulent. The department then can suspend these refund requests, investigate further, and avoid disbursing fraudulent refunds.

The Enforcement Division will continue to implement 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.

BUSINESS SUPPORT



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.



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 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 LOOK BACK

Financial Management – The Finance Division is committed to promoting and ensuring the financial integrity and accountability of the Indiana Department of Revenue 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.

In FY 2014, the Finance Division continued the transformative work begun during FY 2013 to evaluate and streamline processes and change processes. The division completed two phases of a revenue system-to-accounting system information integration, enabling the department to automate many thousands of journal entries recording taxpayer payments.

The division implemented an Assurance and Advisory Services Group to provide effective internal audit and review of the agency's operations and enterprise risks. The division also partnered with the IT and Collections divisions to develop dynamic collections and accounts receivable reporting tools that strengthen the department's collections capabilities and in turn convert noncompliant taxpayers into compliant ones going forward.

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.



Information Technology – During FY 2014, the Information Technology Division (ITD) continued to focus on strengthening staff, modernizing its technology portfolio, and data security.

The following outlines ITD’s accomplishments in support of these priorities:

- Many ITD initiatives focused on simplifying the filing process and payment experience for taxpayers. The INtax portal continued to reach more businesses in FY 2014 with an increase of 51,157 new business registrations. Currently, 91% of all retail sales tax and payroll withholding taxes flow through INtax. ITD programmers have been working diligently to upgrade the INtax platform and enable additional filing capability, which will be released in FY 2015.
- The ITD team supported an upgrade to the department’s portfolio warehouse enhancing enforcement and collections capabilities. Further, they have been working to implement the new audit software and modernized tax processing systems for cigarette, other tobacco products, and alcohol, which will be released in late 2014.
- During FY 2014, the ITD team revamped its business continuity plan, completed a disaster recovery desktop test, and successfully retired or remediated 70 standalone systems that were no longer supported. Upgrades to encryption techniques and increased focus on data security helped to ensure sensitive taxpayer files are protected.

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:

- **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. This year, the department also launched

an Instagram account. 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 2014, Facebook fans increased by 34% and Twitter followers increased 38%. In addition to the social media sites, the department hosts a [TaxTalk Blog](#), with more than 2,000 subscribers:

- Facebook: www.facebook.com (search Indiana Department of Revenue)
- Twitter: www.twitter.com/INDeptofRevenue
- Instagram: www.instagram.com/indeptofrevenue
- Tax Talk Blog: www.in.gov/dor/3877.htm



- **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 state-wide news media publication, translating selected forms and tax booklets into Spanish, and making bilingual employees available to provide assistance to Spanish-speaking taxpayers.
- **Workshops/Seminars** – The department conducted 65 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.

- 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 in Indiana. To address this issue, the department created a business outreach education program in FY 2014 with the goal to help businesses thrive through better taxpayer education earlier in the business formation process. The 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, and attendees have the opportunity to have questions answered by an experienced department representative. In FY 2014, the department held 3 new and small business seminars in partnership with the Indiana CPA Society and gave 9 seminars with Indiana chambers of commerce and 15 seminars specifically for convenience store owners. As additional resources, a program [website](#) and tax handbook for convenience store owners was created.
- 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.
- 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. Three new videos were created and produced in FY 2014 that cover important topics for both individual and business taxpayers. These include information about how to contact the department, how to close a business, and how to prevent ID theft.
- External Publications** – The Public Relations Division, with the help of other divisions, creates and publishes four external publications: *BizTax*, *Tax Dispatch*, *Fuel Tax Update*, and *Trucking Tips*:
 - BizTax* helps businesses better understand Indiana tax laws, the tax-filing process, and the services the department offers.

- Tax Dispatch* is a quarterly publication for tax practitioners to learn about the most up-to-date legislation changes and other tips and techniques.
- Fuel Tax Update* was launched in the fourth quarter of FY 2014 to help taxpayers understand Indiana tax laws; the tax-filing process; and the services available to help fuel taxpayers understand fuel tax policies, procedures, and changes.
- 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.



- **Reducing Cost with Outreach** – Through rigorous outreach efforts, the department was able to save more than \$200,000 in printing and postage costs in FY 2014. When the business e-mandate went into effect, the department heavily promoted the transition. A key advantage to helping businesses convert to electronically filing their sales and withholding taxes was the thousands of dollars per year it saved taxpayers and the department.
- **Correspondence** – New processes are in place for the evaluation, creation, and revision of all external correspondence to more effectively communicate with taxpayers. More than one-third of all department correspondence has been reviewed and extensively edited to address clarity and consistency concerns reflected in the Deloitte audit.

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. Training also teaches employees to deliver exceptional customer service both internally and externally.

During FY 2014, the Training and Development Division provided training and materials to nearly 2,700 participants, an increase of 8.2% from the prior year.

- **Workshop-style Learning**
During FY 2014, the Training and Development Division introduced workshop-style learning. Using a blended learning methodology that delivers theory through e-learning while reserving class time for practical exercises, the workshop concept enables learners to acquire skills through experience. The class event is 10% lecture and 90% practical exercises.
- **Updated and Extended Library**
The Training and Development Division updated many of the e-learning modules available in FY 2014. This work will continue to ensure that the training is interactive, engaging, and effective. Many new features have been added to the e-learning experience. In addition, the library will continue to be extended consistent with department strategic priorities to meet identified needs for team development to ensure sustained success.

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 fact, in an employee survey conducted in FY 2014, 80% of employees reported they would recommend friends or family to work at the department.

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.

PROTECT IDENTITIES

The department provides many programs to better serve Hoosier taxpayers. These include free business presentations, education through social media, and many more.

This year, the department implemented another taxpayer service – one that prevented thousands of identities from being stolen and saved the state from \$73 million in attempted identity theft as of Sept. 24.

The department's identity protection program secured taxpayer identities by validating the identity information in each tax return requesting a refund and then asking select taxpayers to complete an Identity Confirmation Quiz.

Numerous Hoosier taxpayers expressed gratitude toward the department for enacting this additional level of protection. In a survey about the Identity Confirmation Quiz, Hoosiers provided the following feedback:

- "Excellent, commendable step in preventing identify theft and stolen tax returns. Thank you on behalf of myself and millions of Indiana taxpayers."
- "I thought this was a great idea considering the amount of fake returns being accepted and individuals receiving returns they do not deserve. I appreciated my identity being protected and did not mind in the least having to take the quiz."

- "I think it is great that you are protecting my identity and my money! Thank you for keeping me and my family safe!"
- "Quiz was very easy to take. I am lucky that there are people to help me protect my identity from all the fraudulent people out there. Thank you."
- "I'm just thrilled that someone is taking identity theft seriously. A few years ago a [store employee] accessed my account and charged thousands of dollars. The amount of time it has taken to get the issue cleared up was extensive. Your little quiz was a pleasure and only took a minute! Thank you state of Indiana!"



TAXPAYER FOCUS

BUSINESS SUPPORT LOOK FORWARD

Financial Management – In the coming year, the Finance Division will continue to invest resources, time, and energy to improve the agency's accountability and controls throughout the financial reporting and operational processes. Key initiatives for the coming year include: a) completing the revenue dashboard in support of the governor's Management and Performance Hub, moving Indiana to a data-driven decision-making state; b) developing a key controls catalog, testing, and maintenance program for the agency, further strengthening the control environment of the department; c) completing the revenue system-to-accounting system integration for the remaining relevant manual journal entries; and d) leading the effort to develop the agency's biennium budget for FY 2016/2017.

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 and implementation of new tax processing systems for tobacco, other tobacco products, and alcohol in FY 2015 will bring major improvements to support our tax filing simplification priority. In addition, enabling electronic filing of small business S corp 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 portfolio warehouse 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 16, 2015.

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 provide an online, computer-based training for newly registered businesses in addition to an online Business Tax Handbook.

Training and Human Resources – The following strategic priorities will ensure the department is providing current leadership the tools they need and preparing the next generation of leadership for the sustained success of the department:

1. Focus on personal development training
2. Enhance soft skill and on-the-job training for supervisors
3. Develop leadership succession plans

Some additional initiatives are to update and create job descriptions where needed and consolidate time tracking systems yielding greater efficiency. Performance management, which includes job descriptions, goal setting, training, employee relations, and succession planning, will remain a top priority.

LEGAL AND POLICY

The Legal and Policy divisions serve taxpayers by working with legislators and other government offices to establish tax legislation and by resolving a variety of tax issues.

The divisions in Legal and Policy include:

Legal

The Legal Division is primarily 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.



Inheritance

The Inheritance Division sought to ensure compliance with inheritance tax laws and regulations. The division ensured that all assets of a given individual were listed on the return at their fair market values; all deductions were allowable; and the correct amount of tax, if any, was paid. The division also received inheritance taxes collected by county treasurers and the department.



Tax Policy

The Tax Policy Division 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. The division also 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.



Administrative Law Judge

The Administrative Law Judge addresses commercial motor carrier violations, certificates of convenience, and necessity licensing.



LEGAL AND POLICY LOOK BACK

Protests – The department’s Legal Division is responsible for providing Indiana taxpayers an independent review of proposed tax assessments and a similar review of departmental decisions denying a tax refund. During FY 2014, the department received 728 protests.

During FY 2014, the Legal Division resolved 748 protests (with some protests carrying over from the previous fiscal year) after having conducted an informal review and issuing a written opinion addressing the legal factual issues in dispute in each protest. Resolving 748 protests represents a 2% increase over FY 2013.

Publishing Administrative Decisions – 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 the decisions provides a level playing field for all taxpayers because these public documents are freely and openly available to any individual or business.

Inheritance Tax – Indiana’s inheritance tax was repealed effective Jan. 1, 2013. Inheritance tax returns continued to be filed throughout FY 2014. The Inheritance Tax Division processed and audited approximately

9,000 returns and collected approximately \$88 million in inheritance taxes during FY 2014. The Inheritance Tax Division was eliminated on June 30, 2014.

Hotel Matrix – The Tax Policy Division assisted in the development of a new hotel matrix. The hotel matrix is an effort to provide hotel and other accommodation providers with a comprehensive set of answers to the most commonly occurring tax situations in hotel operations and has been well received by the industry. The matrix is available on the department’s website as part of Sales Tax Information Bulletin #41 published in January 2014.

Local Option Income Tax – The department issued a new *Local Option Income Tax Handbook* for taxpayers and county assessors. It provides an overview of the three types of county income taxes. In addition, it provides a list of the legal requirements for passage of county income taxes and sample ordinance language for county income taxes.



Indiana Tax Competitiveness and Simplification Conference – The department assisted Governor Mike Pence and 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 day-long conference that will result in recommendations and ideas for summer study committees and future legislative sessions.

Hoosiers were encouraged to share their ideas and suggest recommendations about modification to our state tax structures. These comments were posted for public discussion. All sessions were video recorded and made available for viewing.

A report of ideas and recommendations generated at the Indiana Tax Competitiveness and Simplification Conference in June was published Sept. 29, 2014, by the Indiana Department of Revenue for consideration by the Indiana General Assembly.

The report provides a compendium of ideas and recommendations generated by tax experts, business leaders, state legislators, and public comments during the tax conference. The recommendations suggest ways Indiana can simplify its taxes and make the state more competitive for businesses to create new jobs.

The department welcomes Hoosiers to review the report and make comments, suggestions, or additional recommendations. Those interested could submit comment. They were posted.

INDIANA DEPARTMENT OF REVENUE



TAX CONFERENCE

“How do we make Indiana taxes simpler for taxpayers?”

This question was the core of the Indiana Tax Competitiveness and Simplification Conference. The conference aimed to provide better service to Hoosiers through simpler taxes.

The conference gathered local and national tax experts and key Indiana leaders to explore how Indiana can adjust its tax system to make filing more simple and create a more competitive environment to attract business and create jobs.

Attendees provided feedback demonstrating they believed the conference was a solid first step to producing meaningful ideas to simplify taxes for Hoosiers. In fact, 95% of conference attendees said in a survey that they believed the conference was successful in generating new ideas, proposals, and recommendations for Indiana’s tax system.

Other feedback reinforced the conference’s success: “The tax conference was a great example of the department providing exceptional customer service to Indiana taxpayers. By bringing together experts in the tax field, it made an important and symbolic step forward in making taxes simpler for Hoosiers.”
—Professor John Mikesell, Indiana University—
Bloomington, Sales and Use Tax panelist

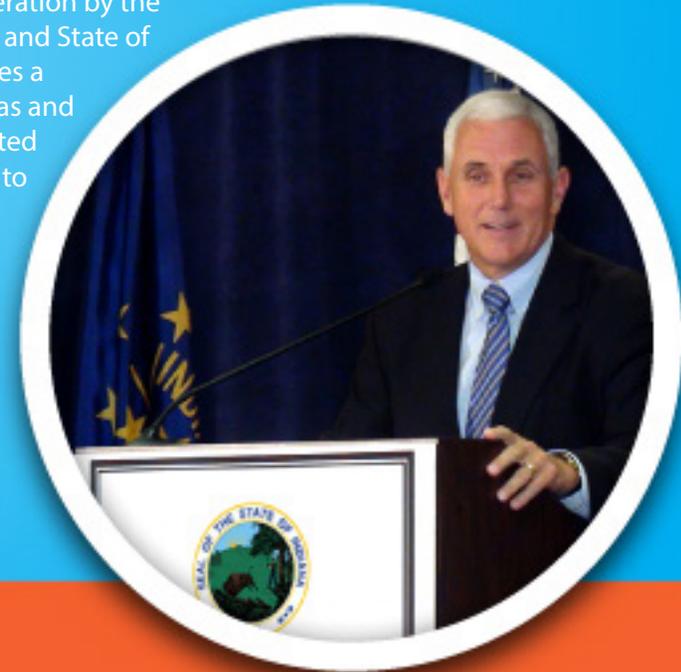
“Governors are very dependent on departments of government to provide well-researched, thoughtful advice on their policy agendas. The Department of Revenue, through the highly successful tax conference,

is playing a key role in improving Indiana’s competitiveness and the governor’s growth strategy.” —Maurice McTigue, former New Zealand Cabinet Minister, How to Succeed at Tax Simplification panelist

“In addition to being extraordinarily well planned and smoothly executed, the Tax Simplification Conference was a very rare opportunity to hear from tax scholars from around the country as well as policy experts who are wrestling with some of the same challenges from different perspectives.”
—Professor Michael Hicks, Ball State Center for Business and Economic Research, How to Succeed at Tax Simplification panelist

“The tax conference is just one example of the department’s commitment to making taxpayer interaction with the system as positive as possible. Bringing tax experts together to explore issues and options is a meaningful step toward making our system better and simpler.” —Bill Waltz, Indiana Chamber of Commerce, Tax Simplification Panelist

On Sept. 29, the department provided a report of recommendations made at the conference for consideration by the Indiana General Assembly and State of Indiana. The report provides a compendium of many ideas and recommendations generated during the tax conference to simplify Indiana taxes and make our state more competitive for business to create new jobs.



TAXPAYER FOCUS

LEGAL AND POLICY LOOK FORWARD

“Cut Red Tape” Initiative – To support Governor Pence’s “Cut Red Tape” initiative, the department continues to work hard to complete this project. It began its Administrative Rules Review project in August 2013. Though there is a moratorium against promulgating any new regulations, the department has received approval to delete, simplify, and clarify its existing regulations.

The department currently oversees 18 articles in the Indiana Administrative Code (IAC) related to various taxes administered by the department. Contained within those 18 articles are 86 administrative rules and 676 sections, accounting for a total of 375 pages.

The department’s regulations were last revised as a whole in 1988. An initial review of the regulations indicates that they can be reduced by an estimated 20%. Phase I was undertaken in 2012 when the department’s regulations that were outdated, repetitive, or superfluous were repealed.

The department will continue implementing Phase II, which will entail the repeal of existing rules, or reducing their regulatory impact to fulfill the department’s objectives.



During FY 2014, six articles received approval from OMB to start the review process. In July 2014, the department held its first of many public hearings as part of the implementation process.

Assist in Tax Simplification – Using the recommendations and ideas local and national tax experts and policy makers surfaced during the Indiana Tax Competitiveness and Simplification Conference, this division will 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.

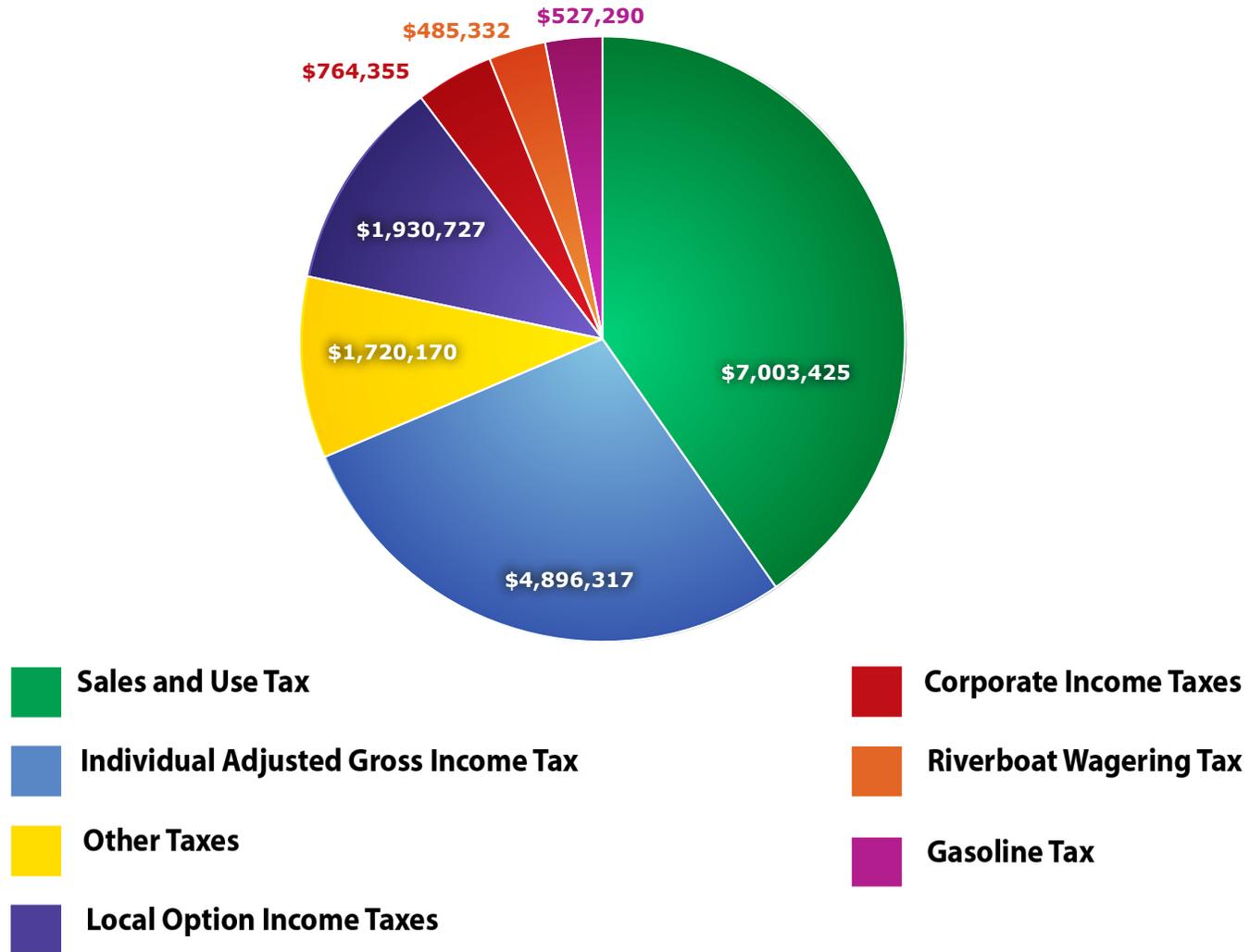


The following section provides a total summary of taxes collected by the Indiana Department of Revenue in FY 2014, Indiana tax receipts by tax type, and descriptions for each tax type.

Part III

SUMMARY OF FISCAL YEAR 2014 TAX RECEIPTS

In FY 2014, the Indiana Department of Revenue collected more than \$17 billion representing 47 active tax types.



Total: \$17,327,616
(Total Receipts in Thousands)

INDIANA TAX RECEIPTS

Tax Type	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	\$ incr (decr)	% incr (decr)
Aircraft License Excise Tax	\$509.9	\$517.7	\$577.9	\$445.2	\$491.9	\$46.7	10%
Aircraft Registration Fee	\$74.1	\$74.6	\$77.0	\$73.2	\$79.2	\$6.0	8%
Alcoholic Beverage Tax	\$40,143.3	\$43,935.4	\$44,154.2	\$45,248.0	\$45,954.7	\$706.7	2%
Alternative Fuel Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$232.4	\$232.4	-
Auto Rental Excise Tax	\$9,483.2	\$10,459.6	\$11,184.1	\$10,563.2	\$12,511.3	\$1,948.2	18%
Aviation Fuel Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$1,501.9	\$1,501.9	-
Charity Gaming Excise Tax	\$1,250.1	\$1,276.4	\$1,229.8	\$1,146.0	\$1,138.7	(\$7.3)	-1%
Cigarette/Other Tobacco Tax	\$482,042.6	\$478,612.9	\$456,170.5	\$461,636.8	\$447,561.4	(\$14,075.4)	-3%
Corporate Adjusted Gross Income Tax	\$428,347.0	\$625,961.9	\$700,296.1	\$669,063.9	\$764,355.1	\$95,291.2	14%
County Adjusted Gross Income Tax (CAGIT)	\$528,167.2	\$473,890.8	\$511,663.3	\$529,134.8	\$619,385.6	\$90,250.9	17%
County Economic Development Income Tax (CEDIT)	\$293,441.5	\$257,756.2	\$272,408.7	\$279,006.7	\$304,800.3	\$25,793.6	9%
County Innkeeper's Tax (CIT)	\$37,596.2	\$42,443.9	\$49,261.0	\$49,577.1	\$51,566.0	\$1,988.9	4%
County Option Income Tax (COIT)	\$779,635.6	\$695,221.6	\$739,869.9	\$754,692.9	\$805,742.9	\$51,050.0	7%
Employment Agency Licensing Fee	\$30.5	\$24.8	\$28.1	\$33.8	\$30.8	(\$3.0)	-9%
Enhanced Prepaid Wireless Telecommunication Fee	\$0.0	\$2,098.4	\$2,357.2	\$4,769.6	\$5,454.0	\$684.4	14%
Estate Tax	\$16.7	\$10.8	\$0.0	\$0.0		\$0.0	0%
Financial Institutions Tax	\$71,225.4	\$55,575.7	\$94,212.1	\$112,521.2	\$102,391.6	(\$10,129.6)	-9%
Fireworks Public Safety Fee	\$2,405.3	\$2,578.9	\$2,540.2	\$1,524.2	\$2,270.5	\$746.3	49%
Food and Beverage Tax	\$64,803.5	\$67,435.3	\$71,699.3	\$73,732.0	\$73,039.5	(\$692.5)	-1%
Gasoline Tax	\$540,317.9	\$543,037.9	\$534,704.5	\$529,619.8	\$527,290.1	(\$2,329.7)	0%
Hazardous Chemical Fee	\$364.3	\$511.0	\$483.8	\$512.9	\$551.1	\$38.2	7%
Hazardous Waste Disposal Tax	\$794.6	\$1,023.8	\$1,252.3	\$1,188.9	\$1,237.7	\$48.8	4%
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	(\$76,493.1)	-2%
Inheritance Tax	\$133,173.1	\$148,664.0	\$176,026.5	\$165,479.2	\$87,712.2	(\$77,767.1)	-47%
International Registration Plan (IRP) Licensing Fee	\$83,148.2	\$89,598.7	\$91,289.4	\$93,387.9	\$96,099.9	\$2,712.1	3%

INDIANA TAX RECEIPTS

(continued)

Tax Type	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	\$ incr (decr)	% incr (decr)
LOIT Reserve	\$0.0	\$0.0	\$0.0	\$207,954.0	\$200,798.4	(\$7,155.6)	-3%
Marion County Admissions Tax	\$7,598.7	\$7,144.0	\$6,606.9	\$8,259.4	\$14,151.7	\$5,892.3	71%
Marion County Supplemental Auto Rental Excise Tax	\$3,831.1	\$4,136.3	\$4,127.1	\$4,997.3	\$6,486.2	\$1,488.9	30%
Motor Carrier Fuel Tax	\$2,063.7	\$1,624.4	\$903.6	\$835.7	\$796.2	(\$39.5)	-5%
Motor Carrier Surcharge Tax	\$76,875.6	\$87,739.0	\$87,046.2	\$94,228.2	\$99,272.1	\$5,044.0	5%
Motor Vehicle Excise Tax	\$2.4	\$3.9	\$1.1	\$6.2	\$2.8	(\$3.4)	-55%
Motorsports Investment District Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$295.1	\$295.1	-
Oversize/Overweight Permit Fee	\$12,367.1	\$13,391.9	\$15,922.4	\$15,969.6	\$18,200.3	\$2,230.7	14%
Pari-mutuel Wagering Tax	\$4,909.0	\$2,985.2	\$2,614.6	\$2,156.8	\$1,963.2	(\$193.6)	-9%
Petroleum Severance Tax	\$1,425.7	\$1,825.4	\$2,211.6	\$2,421.3	\$2,500.3	\$79.1	3%
Public Utility Tax (Railroad Car Companies/ Railroads)	\$4,485.3	\$5,164.3	\$6,176.7	\$6,803.9	\$8,051.7	\$1,247.8	18%
Racino Slot Machine Wagering Tax	\$121,482.7	\$130,163.0	\$117,459.2	\$105,823.7	\$110,829.1	\$5,005.5	5%
Riverboat Admissions Tax	\$81,479.4	\$77,227.1	\$74,709.1	\$66,721.2	\$58,190.6	(\$8,530.6)	-13%
Riverboat Wagering Tax	\$678,127.0	\$656,934.6	\$630,712.0	\$579,759.5	\$485,331.9	(\$94,427.6)	-16%
Sales and Use Tax	\$5,958,915.7	\$6,265,193.6	\$6,631,953.0	\$6,801,736.4	\$7,003,425.5	\$201,689.0	3%
Solid Waste Management Fee	\$5,093.9	\$5,195.5	\$5,464.5	\$5,326.8	\$5,433.5	\$106.7	2%
Special Fuel Tax	\$167,332.1	\$178,161.8	\$183,742.0	\$169,616.6	\$177,617.5	\$8,000.9	5%
Type II Gaming (Taverns)	\$354.1	\$396.9	\$390.4	\$416.5	\$403.5	(\$13.0)	-3%
Underground Storage Tank Fee	\$48,091.4	\$47,449.9	\$49,236.4	\$46,238.4	\$51,191.9	\$4,953.5	11%
Utility Services Use Tax	\$8,492.6	\$9,495.6	\$9,264.9	\$8,743.6	\$14,084.7	\$5,341.1	61%
Utility Receipts Tax	\$190,494.7	\$199,072.3	\$201,016.9	\$215,468.0	\$219,406.9	\$3,938.9	2%
Waste Tire Management Fee	\$1,347.5	\$1,352.8	\$1,364.4	\$1,362.5	\$1,467.6	\$105.2	8%
GRAND TOTAL	\$14,742,040.0	\$15,827,996.0	\$16,557,875.0	\$17,101,012.1	\$17,327,616.1	\$226,603.9	1%

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.

INDIANA TAX DESCRIPTIONS

(continued)

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 replaces 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 will be 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.

INDIANA TAX DESCRIPTIONS

(continued)

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.

INDIANA TAX DESCRIPTIONS

(continued)

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 IV

The following section provides the department's FY 2014 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% of the audits completed and taxpayers assisted by the Enforcement Division during FY 2014.

The following information includes

- Amounts of tax assessed, p. 58
- Industries/businesses most frequently in violation, p. 59
- Number of years in the audit period, p. 60
- Index of exhibits and charts, p. 61
- Taxpayers served in district offices, p. 62
- Sales/use tax violations, p. 64
- Adjusted gross income and financial institutions tax violations, p. 70
- Special tax violations, p. 74
- Miscellaneous code violations, p. 76

Taxpayers Served in District Offices

Taxpayer assistance is available in all 11 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 2014, district offices served 153,850 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 2014, general use tax rule violations [45 IAC 2.2-3] accounted for approximately \$13.1 million in audit adjustments.

Often, the department determines use tax is due from business taxpayers who 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 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 2014, 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 \$28 million in FY 2014.

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 IRP. Special tax auditors also audit a variety of excise taxes: cigarette tax, other tobacco products (OTP) tax, 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 6-7-1 and IC 6-7-2. Adjustments made under these statutes totaled approximately \$791,000 in FY 2014.

Amounts of Tax Assessed

Exhibits C, D, E, and F display the amount of assessments (refunds) of the sales tax, adjusted gross income tax and financial institutions tax, special tax, and miscellaneous tax respectively. “Amount assessed” for any tax type represents 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:

Sales/Use Tax – Exhibit C:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
45 IAC 2.2-6-8	\$9,884,006	22%
45 IAC 2.2-3-4	\$5,441,162	12%
45 IAC 2.2-5-8	\$5,004,520	11%

Adjusted Gross Income and Financial Institutions Taxes – Exhibit D:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
IC 6-3-2-2	\$28,037,668	34%
45 IAC 3.1-1-8	\$19,122,081	23%
IC 6-3-2	\$7,283,923	9%

Special Tax – Exhibit E:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
IC 6-7-2-7	\$858,059	53%

Miscellaneous Tax Violations – Exhibit F:

Tax Code Violated	Amount Assessed	Percentage of All Assessments
IC 6-8-1-9-1	\$3,204,495	50%

Industry/Business Most Frequently in Violation

Sales and use tax

For the FY 2014 reporting period, taxpayers engaged in wholesale, retail and transportation businesses accounted for the most violations of the sales and use tax rules. This group accounted for 1,514 violations (37% of total violations). The most frequently violated rule by this group was 45 IAC 2.2-3-20 with 625 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 engaged in manufacturing. This group committed 1,051 violations (26% of the total violations) for FY 2014. The most frequently violated rule of this group was 45 IAC 2.2-5-8 with 477 violations. Rule 5-8 stipulates that sales of manufacturing machinery, tools, and equipment used in the 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 2014 reporting period, taxpayers engaged in 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 838 violations (38% of the total violations). The rule most frequently violated by this group was 45 IAC 3.1-1-2 with 520 violations. Rule 1-2 defines gross income for individuals.

Taxpayers engaged in wholesale, retail, and transportation committed the second largest number of adjusted gross income tax violations. This group committed 467 violations (21% of the total violations) for FY 2014. The rule most frequently violated by this group was 45 IAC 3.1-1-97 with 165 violations. Rule 1-8 defines adjusted gross income for corporations.

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 for FY 2014. It relates to motor fuel use taxes that are imposed on the consumption of motor fuel in qualified motor vehicles. This rule was violated 266 times and yielded \$430,631 in net assessments.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2014 was the wholesale, retail, and transportation industries. This group committed 597 violations, accounting for more than 77% of the total violations.

Miscellaneous Code Violations

Exhibit F provides the assessment amounts for miscellaneous code violations. In FY 2014, the most violated miscellaneous code section was IC 6-8.1-10-2.1, which accounted for 22 (11%) of the violations. These violations yielded \$72,414 in net assessments. IC 6-8.1-10-2.1 covers penalty assessments for failure to file returns, pay timely, and in full. Penalties can be assessed for any listed taxes.

Number of Years in the Audit Period

The audit period averages three years.

AUDIT EXHIBITS

EXHIBITS

Taxpayer Assistance Report by District Office	Exhibit A	Page 62
Standard Industrial Codes	Exhibit B	Page 63
Sales and Use Tax Audits Dollars Assessed by Industrial Code	Exhibit C	Page 64
Adjusted Gross Income Tax Audits Dollars Assessed by Industrial Code	Exhibit D	Page 70
Special Tax Audits Dollars Assessed by Industrial Code	Exhibit E	Page 74
Miscellaneous Violations Dollars Assessed by Industrial Code	Exhibit F	Page 76

EXHIBIT A

Taxpayer Assistance Report by District Office

	Walk-in Assistance	Phones/ Fax/Email	Totals
Bloomington	8,108	5,080	13,188
Clarksville	5,567	6,439	12,006
Columbus	10,787	6,867	17,654
Evansville	8,530	5,104	13,634
Fort Wayne	5,389	6,721	12,110
Kokomo	3,751	6,777	10,528
Lafayette	3,124	12,363	15,487
Merrillville	8,292	7,930	16,222
Muncie	7,632	9,846	17,478
South Bend	6,703	9,360	16,063
Terre Haute	3,958	5,522	9,480
Totals	71,841	82,009	153,850

EXHIBIT B

Standard Industrial Codes

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 following text to understand the industry classification numbering system.

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

EXHIBIT C

Dollars Assessed by Industrial Code Sales and Use Tax Audits

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
22-11-14-12				404						\$404
45 IAC 2.2-3-20				14,879						\$14,879
45 IAC 15-5-1				3,057						\$3,057
45 IAC 15-9-2		(55,013)	(2,865,006)	(1,129,957)	(57,617)					(\$4,107,593)
45 IAC 2.2-5-8			(76,747)							(\$76,747)
45 IAC 2.2-2-1		7,541	12,810	1,644,388	135,309		21,064	13,682		\$1,834,794
45 IAC 2.2-2-2		48,569	95,877	1,173,861	128,454			8,787		\$1,455,548
45 IAC 2.2-2-3							(5,088)			(\$5,088)
45 IAC 2.2-2-4				852						\$852
45 IAC 2.2-3-1		910	2,699	2,476				1,639		\$7,724
45 IAC 2.2-3-10			(110)							(\$110)
45 IAC 2.2-3-12		1,515,040	63,301	9,050	52,418	3,132	229	63,679	20,200	\$1,727,049
45 IAC 2.2-3-13		(132,340)	133,982	190,007	287,560		(6,701)	16,408		\$488,916
45 IAC 2.2-3-14		(6,740)	(2,058)		(205,000)					(\$213,798)
45 IAC 2.2-3-15		40,602	44,542	77,009	10,056					\$172,209
45 IAC 2.2-3-16				(111)	15					(\$96)
45 IAC 2.2-3-18		81		253			261,724			\$262,058
45 IAC 2.2-3-20	15,150	123,952	(26,276)	1,839,739	533,319	177,204	259,488	520,467	483	\$3,443,526
45 IAC 2.2-3-22				8,726						\$8,726
45 IAC 2.2-3-24				1,172						\$1,172
45 IAC 2.2-3-25		47,272		1,977						\$49,249
45 IAC 2.2-3-27		59,984	67,088	68,116	49,537	2,002	2,744	5,436		\$254,907
45 IAC 2.2-3-3			4,913							\$4,913
45 IAC 2.2-3-4	3,232	723,529	(596,884)	2,110,335	883,082	58,623	2,152,599	106,646		\$5,441,162
45 IAC 2.2-3-5		1,891	20,773	179,129				115,633		\$317,426

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-3-8		35,090	8,954	55						\$44,099
45 IAC 2.2-3-9		954,950	81,154	(4,609)	8,542			3,635		\$1,043,672
45 IAC 2.2-4-1	4,150	120,249	353,564	1,243,580	32,059	3,663	(22,541)	14,527	24,208	\$1,773,459
45 IAC 2.2-4-11		662								\$662
45 IAC 2.2-4-13		419,459	193,720	47,852	216,758	16,557	1,213	8,187	106,802	\$1,010,548
45 IAC 2.2-4-2	842	40,755	10,808	743,455	74,853	572	34,528	2,989		\$908,802
45 IAC 2.2-4-21		1,071								\$1,071
45 IAC 2.2-4-22		264,015	(6,716)	(46,429)						\$210,870
45 IAC 2.2-4-23	(445)	(802)								(\$1,247)
45 IAC 2.2-4-25		2,265								\$2,265
45 IAC 2.2-4-26		(1,012)	51,092	46,004	5,564					\$101,648
45 IAC 2.2-4-27	70	245,862	24,229	40,103	36,807	43	28,030	12,600		\$387,744
45 IAC 2.2-4-28					8,554					\$8,554
45 IAC 2.2-4-3	45	706	2,617	3,768	1,202		149	358		\$8,845
45 IAC 2.2-4-30					5,209					\$5,209
45 IAC 2.2-4-8		14,953	783	678	390	58	25,802			\$42,664
45 IAC 2.2-4-9				69			8,042			\$8,111
45 IAC 2.2-5-1	10,180									\$10,180
45 IAC 2.2-5-10			(118,411)	117,939			(6,388)	1,007		(\$5,853)
45 IAC 2.2-5-11			(51,897)							(\$51,897)
45 IAC 2.2-5-12	(32)		90,570					(822)		\$89,716
45 IAC 2.2-5-13	9,000			4,068						\$13,068
45 IAC 2.2-5-14			(37,452)	(3,156)			(4,259)			(\$44,867)
45 IAC 2.2-5-15		(17,259)	(1,584)	15,458	14,562	843	21,090	(58,153)		(\$25,043)
45 IAC 2.2-5-16			17,172	(122,932)						(\$105,760)

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-5-17		399,419								\$399,419
45 IAC 2.2-5-18		166,455								\$166,455
45 IAC 2.2-5-19		(143)								(\$143)
45 IAC 2.2-5-26	259	811	734	9,035	3,258	238	(1,459)	217		\$13,093
45 IAC 2.2-5-3	8,370			200						\$8,570
45 IAC 2.2-5-36		461	27,536	6,386	29,669	34,228	162	1,004	14,253	\$113,699
45 IAC 2.2-5-38				76,803			(2,016)			\$74,787
45 IAC 2.2-5-39				11,992						\$11,992
45 IAC 2.2-5-4					140					\$140
45 IAC 2.2-5-40				177,263			490			\$177,753
45 IAC 2.2-5-43							211,575			\$211,575
45 IAC 2.2-5-45			134	399	51,728		8,858			\$61,119
45 IAC 2.2-5-53				8,967						\$8,967
45 IAC 2.2-5-54			(43,039)							(\$43,039)
45 IAC 2.2-5-6	7,556		3,912							\$11,468
45 IAC 2.2-5-61		3,815	9,936	(10,088)	3,003	10,905				\$17,571
45 IAC 2.2-5-62	13,868		11,579			(46)				\$25,401
45 IAC 2.2-5-7	4,286		1,266							\$5,552
45 IAC 2.2-5-70			(156)							(\$156)
45 IAC 2.2-5-8	2,143	220,875	4,399,500	174,729	93,857	9,495	33,553	9,121	61,247	\$5,004,520
45 IAC 2.2-5-9		338,418								\$338,418
45 IAC 2.2-6-1		1,007	1,971	11,302			(443,933)	1,407		(\$428,246)
45 IAC 2.2-6-12			(3,912)	10,945	(821,263)					(\$814,230)
45 IAC 2.2-6-14		580		(926)	2,227			(354)		\$1,527

*For SIC explanation, see [page 63](#).

**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 2.2-6-16		16,171								\$16,171
45 IAC 2.2-6-6		42,515								\$42,515
45 IAC 2.2-6-8		82,887	182,664	8,729,220	213,303	622	360,743	285,278	29,289	\$9,884,006
45 IAC 2.2-7-2				157,104						\$157,104
45 IAC 2.2-7-3				159,127						\$159,127
45 IAC 2.2-7-4				72,626						\$72,626
45 IAC 2.2-7-6				1,035,431						\$1,035,431
45 IAC 2.2-7-7				282,776						\$282,776
45 IAC 2.2-8-12	123,416	58,389	453,733	636,497	170,532		12,801	73,517		\$1,528,885
45 IAC 2.2-8-8			(121)							(\$121)
45 IAC 2.2-9-4								318		\$318
45 IAC 2.-8-12				24,972						\$24,972
45 IAC 2-2-3-20							3,780			\$3,780
45 IAC 2-2-3-27				336						\$336
45 IAC 2-3-1				1,349						\$1,349
IC 6-2.5-13-1		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-2.5-2-1		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-2.5-3-2		-	-	-	-	-	-	-	53,139	\$53,139
IC 6-2.5-4-1		253	15,128	4,334	15,893	1,214	89	551	7,831	\$45,293
IC 6-2.5-4-1(E)		169	10,085	2,339	10,595	809	357,216	368	472,824	\$854,405
IC 6-2.5-4-12		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-2.5-4-5		169	10,085	2,339	10,595	809	59	368	5,220	\$29,644
IC 6-2.5-5-13		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-2.5-5-16		422	25,213	5,847	26,488	2,023	148	919	13,051	\$74,111
IC 6-2.5-5-24		169	10,085	2,339	10,595	809	59	368	5,220	\$29,644

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
IC 6-2.5-5-25		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-2.5-5-26		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-2.5-5-27		338	20,170	4,678	21,190	1,619	119	735	10,441	\$59,290
IC 6-2.5-5-5.1		676	40,341	9,356	42,380	3,237	237	1,470	20,882	\$118,579
IC 6-2.5-6-1				28,669	2,080					\$30,749
IC 6-2.5-6-10		591	35,298	8,186	37,083	2,833	208	1,287	18,272	\$103,758
IC 6-2.5-6-14		169	10,085	2,339	10,595	809	59	368	5,220	\$29,644
IC 6-2.5-7		929	55,469	12,864	58,273	4,451	326	2,022	28,713	\$163,047
IC 6-2.5-7-4		845	50,426	11,695	52,976	4,047	296	1,838	26,102	\$148,225
IC 6-2.5-8-8		169	10,085	2,339	10,595	809	59	368	5,220	\$29,644
IC 6-2.5-8-9		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 36-8-16.6				594						\$594
IC 6-2.5-1-11.5		304	18,138	4,207	19,055	1,456	107	661	9,389	\$53,317
IC 6-2.5-1-20				24,662						\$24,662
IC 6-2.5-1-21		290								\$290
IC 6-2.5-13-1				5,951						\$5,951
IC 6-2.5-1-5			15,035	5,163	(1,353)					\$18,845
IC 6-2.5-2-1		20,474	1,221,945	283,396	1,283,725	98,057	7,184	44,539	632,524	\$3,591,844
IC 6-2.5-3-2				38,614						\$38,614
IC 6-2.5-3-7				34						\$34
IC 6-2.5-4-1		126	2,581	20,562	13,830					\$37,099
IC 6-2.5-4-16				(1,591)						(\$1,591)
IC 6-2.5-4-17								38		\$38
IC 6-2.5-4-6		2,714	161,983	37,568	170,173	12,999	952	5,904	83,849	\$476,142

*For SIC explanation, see [page 63](#).

**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 6-2.5-5-13		2,722	162,469	37,680	158,454	13,038	955	5,922	84,100	\$465,340
IC 6-2.5-5-19		7,910	472,076	109,485	495,944	37,883	2,775	17,207	244,364	\$1,387,644
IC 6-2.5-5-20				15,282			119,175			\$134,457
IC 6-2.5-5-35							524			\$524
IC 6-2.5-5-39				8,259						\$8,259
IC 6-2.5-5-40			39,888	(479)		20,224				\$59,633
IC 6-2.5-5-45.8			(7,641)	12,463	(18,740)					(\$13,918)
IC 6-2.5-5-48.8			(49,892)							(\$49,892)
IC 6-2.5-5-7		(263)								(\$263)
IC 6-2.5-5-8		7	444	5,056	466	36	3	16	230	\$6,258
IC 6-2.5-5-9			50,659							\$50,659
IC 6-2.5-6-7				61,570						\$61,570
IC 6-2.5-6-9		2,227	132,936	387,157	254,973	10,668	782	4,845	68,813	\$862,401
IC 6-2.5-7-4				(24,409)						(\$24,409)
IC 6-2.5-7-5				195,236						\$195,236
IC 6-2.5-7-9				2,704						\$2,704
IC 6-2.5-9-6				(3,616)						(\$3,616)
IC 6-2.5-6-1				101,279						\$101,279
Grand Total	\$202,090	\$5,829,900	\$5,091,636	\$21,290,044	\$4,691,038	\$538,804	\$3,447,821	\$1,298,295	\$2,070,156	\$44,459,784

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 1-1-97				4,707						\$4,707
45 IAC 15-5-1									5,919	\$5,919
45 IAC 2.2-5-16				(278)						-\$278
45 IAC 2.2-5-62				5,958						\$5,958
45 IAC 2.2-5-8				1,243						\$1,243
45 IAC 2.2-6-8				(837)						-\$837
45 IAC 3.1-1-1		17,509		4,665					144,925	\$167,099
45 IAC 3.1-1-103									(6,009)	-\$6,009
45 IAC 3.1-1-106									54,314	\$54,314
45 IAC 3.1-1-107		26,907	2,914							\$29,821
45 IAC 3.1-1-109		2,500								\$2,500
45 IAC 3.1-1-111					1,033,389					\$1,033,389
45 IAC 3.1-1-153			88,632	(149,513)	38,321					-\$22,560
45 IAC 3.1-1-1-97				301						\$301
45 IAC 3.1-1-2	89,268	18,057	10,369	168,331			967		6,477,059	\$6,764,051
45 IAC 3.1-1-25									14,771	\$14,771
45 IAC 3.1-1-29				8,500						\$8,500
45 IAC 3.1-1-37			4,086		55,375					\$59,461
45 IAC 3.1-1-39			1,031,136							\$1,031,136
45 IAC 3.1-1-40				(300)						-\$300
45 IAC 3.1-1-43			(44,240)		1,145					-\$43,095
45 IAC 3.1-1-48					900					\$900
45 IAC 3.1-1-5					2,526				75,101	\$77,627
45 IAC 3.1-1-51			(78,783)	(590)	(746)					-\$80,119
45 IAC 3.1-1-52			1,901,091	(1,705)			2,358			\$1,901,744

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 3.1-1-53			55,677	157,399	6,428			1,140		\$220,644
45 IAC 3.1-1-55					75,251					\$75,251
45 IAC 3.1-1-56			147,219	1,062,209						\$1,209,428
45 IAC 3.1-1-6	(1,681)									-\$1,681
45 IAC 3.1-1-62				3,056,005	4,000					\$3,060,005
45 IAC 3.1-1-66	26,450			12,767				12,600	277,614	\$329,431
45 IAC 3.1-1-8		361	135,455	708,016	18,232,151		2,614		43,484	\$19,122,081
45 IAC 3.1-1-9			3,638	261,043	19,793					\$284,474
45 IAC 3.1-1-94			(52,455)	43,239						-\$9,216
45 IAC 3.1-1-97		84,186	77,908	442,669	98,302	1,369	23,668	7,246	4,201	\$739,549
45 IAC 3.1-3-1		198		14,278					21,987	\$36,463
IC 6-3-2							34,501		1,154,538	\$1,189,039
IC 6-3-2-2.6		169	10,085	2,339	10,595	809	59	368	5,220	\$29,644
IC 6-3-3-3		84	5,043	1,169	5,298	405	30	184	2,610	\$14,823
IC 6-3-4-10		1,014	60,511	14,034	63,571	4,856	356	2,206	31,323	\$177,871
IC 6-3-4-13		168	10,086	2,338	10,596	810	60	368	5,220	\$29,646
IC 6-3-4-8		4,478	267,258	61,983	281,770	21,446	1,571	9,741	138,343	\$786,590
IC 6-2-3-4-1		(256)								-\$256
IC 6-2-3-4-3		2,381								\$2,381
IC 6-2-3		141,903								\$141,903
IC 6-2-3-1-4		(10,844)								-\$10,844
IC 6-2-3-2-1		52	3,107	721	890,313	249	18	113	1608	\$896,181
IC 6-2-3-5-2		1,943								\$1,943

*For SIC explanation, see [page 63](#).

**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 6-2.3-5-3		310,839									\$310,839
IC 6-3.1-21-1				152							\$152
IC 6-3.1-21-6		109									\$109
IC 6-3-1-3.5		40,481	2,416,103	560,348	2,538,257	193,885	14,204	88,065	1,250,663		\$7,102,006
IC 6-3.1-4			2,722,552								\$2,722,552
IC 6-3.1-4-2			888,531								\$888,531
IC 6-3.1-4-3			(3,623)								-\$3,623
IC 6-3.1-4-4			123,468						148,828		\$272,296
IC 6-3.1-6-2									(100,000)		-\$100,000
IC 6-3.1-9-3			(5,000)								-\$5,000
IC 6-3.5-1.1-1				1,226					13,413		\$14,639
IC 6-3.5-6-1			3,974								\$3,974
IC 6-3.5-7.5				375							\$375
IC 6-3-1-20									9,877		\$9,877
IC 6-3-1-21				9,857							\$9,857
IC 6-3-1-3.5		13,022	723	(2,147)	355		318		6,762		\$19,033
IC 6-3-1-33			12,271								\$12,271
IC 6-3-2-1			170,095								\$170,095
IC 6-3-2-12				(283)	(21,087)		(1,325)				-\$22,695
IC 6-3-2-2		2,952	1,301,547	24,834,643	1,895,733				2,793		\$28,037,668
IC 6-3-2-2.6		3,883	2,804	438							\$7,125
IC 6-3-2-20			851,793			461,659					\$1,313,452
IC 6-3-3-10	1,500										\$1,500
IC 6-3-4-10				175,166							\$175,166
IC 6-3-4-12		63,628	535	(49,746)							\$14,417

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
IC 6-3-4-13		1,138		17,858	667		3,037			\$22,700
IC 6-3-4-6				4,944					13,593	\$18,537
IC 6-3-4-8		61,204	20,863	17,742						\$99,809
IC 6-5.5-1-18					36,817					\$36,817
IC 6-5.5-2-1				121,685						\$121,685
IC 6-5.5-2-4					504,717					\$504,717
IC 6-5.5-3-1					420,654					\$420,654
IC 6-5.5-5-1					1,347,771					\$1,347,771
IC 6-5.5-5-2				1,857						\$1,857
Grand Total	\$115,537	\$788,066	\$12,145,373	\$31,574,806	\$27,552,862	\$685,488	\$82,436	\$122,031	\$9,798,157	\$82,864,756

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
22-11-14-12				20,147	10,292					\$30,439
IC 6-6-4.1-24				3,651						\$3,651
IC 6-6-4.1-4	583	538	155	1,929	307					\$3,512
IC 6-6-4.1-6	(345)	(250)	(92)	5	(87)			10		(\$759)
IC 6-6-4.1-9				710	259					\$969
IC 6-6-5.5-8	45	110		827				404		\$1,386
IC 6-7-1-1				11,619					32,234	\$43,853
IC 6-7-1-19									6,686	\$6,686
IC 6-7-1-27		169	10,085	2,339	10,595	809	52	368	5,220	\$29,637
IC 6-7-2-7				273,462					46,527	\$319,989
A550		411		4,765						\$5,176
CVET 6-6-5.5-8				1,722						\$1,722
CVET bill			13	1	34					\$48
CVET billing			8	10				214		\$232
CVET code 6-6-5.5-8				1						\$1
IC 16-44-2-18				(805)						(\$805)
IC 22-11-14-12				571						\$571
IC 6-6-4.1-4	15		4,029	2,340						\$6,384
IC 6-6-4.1-6	210	263	(2,242)	906						(\$863)
IC 6-6-4.1-9		93		3,412						\$3,505
IC 6-6-5.5-8	1	848	1,090	4,084						\$6,023
IC 6-7-1-19				50,601	2,984					\$53,585
IC 6-7-2-13				(14)						(\$14)
IC 6-7-2-14				(121,019)						(\$121,019)
IC 6-7-2-7			1231	831,779			1,149		25,131	\$859,290

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
IRP Article 505(C)			2,287							\$2,287
IRP Article II				3,013						\$3,013
IRP Article X-1005	303	1,591	(422)	1,643	71			449		\$3,635
IRP Article X-1015	136	6,305	2,524	31,170	812			105		\$41,052
IRP Article XV-1502					194					\$194
IRP Article XVII				775						\$775
IRP Article XVII-1700				(303)						(\$303)
IRP Article Z-1015				49						\$49
IRP Procedures Manual		87								\$87
IRP Procedures Manual 505(C)		302		2,050				849		\$3,201
IRP X-1015				93						\$93
R100	(3,218)			20						(\$3,198)
R1000	(9,612)	(39,218)	2,981	(179,528)	(4,509)			105	(16)	(\$229,797)
R1200				11,005						\$11,005
R800	17,270	59,807	4,954	369,743	8,362			407	88	\$460,631
Grand Total	\$5,388	\$31,056	\$26,601	\$1,332,773	\$29,314	\$809	\$1,201	\$2,911	\$115,870	\$1,545,923

*For SIC explanation, see [page 63](#).

**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	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-4-8							5,691			\$5,691
IC 13-11-2				172						\$172
IC 13-20-13-7				6,229						\$6,229
IC 15-9-2		317	18,917	4,387	19,873	1,518	111	690	9,792	\$55,605
IC 36-8-16.6				12,042	7,379					\$19,421
IC 36-8-16.6-11				2,674						\$2,674
IC 36-8-16.6-13				2,566						\$2,566
IC 6-6-9-7				7,629						\$7,629
IC 6-6-9-9					119,044					\$119,044
IC 6-8.1-10-2			1,500							\$1,500
IC 6-8.1-10-2.1		2,084	30,652	29,144	16,021	405	2,137	1,184	2,610	\$84,237
IC 6-8.1-10-2.1(g)					3,000					\$3,000
IC 6-8.1-10-3		1,859	110,937	25,729	116,546	8,902	652	4,044	57,425	\$326,094
IC 6-8.1-10-6		250		2,500						\$2,750
IC 6-8.1-15					(124)					(\$124)
IC 6-8.1-4.2		55,245	42,917	28,645					1,719	\$128,526
IC 6-8.1-5-1					76,815		35,450		54,236	\$166,501
IC 6-8.1-5-2		5,030			423,715					\$428,745
IC 6-8.1-5-4				85,298			7,201			\$92,499
IC 6-8.1-9			269,941	196,921	35,950	26,073	2,892			\$531,777
IC 6-8.1-9-1		18,266	1,090,169	252,835	1,145,286	87,483	6,409	39,736	564,311	\$3,204,495
IC 6-8.1-9-1(a)		591	35,298	8,186	37,083	2,833	208	1,287	18,272	\$103,758
IC 6-8.1-9-1(b)		3,126	186,577	43,271	196,010	14,972	1,097	6,801	96,579	\$548,433
IC 6-8.1-9-1(c)		1,267	75,639	17,542	79,463	6,070	445	2,757	39,154	\$222,337
IC 6-8.1-9-2				(4,436)						(\$4,436)

*For SIC explanation, see [page 63](#).

**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 (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
IC 6-8.1-9-2(a)		338	20,170	4,678	21,190	1,619	119	735	10,441	\$59,290
IC 6-8.1-9-2(b)		929	55,469	12,864	58,273	4,451	326	2,022	28,713	\$163,047
IC 6-8-12-3		338	20,170	4,678	21,190	1,619	119	735	10,441	\$59,290
IC 6-9-12-3				29,251			45,530			\$74,781
IC 6-9-12-7				1,248						\$1,248
IC 6-9-20-4				339			197			\$536
IC 6-9-21-4				2,004						\$2,004
IC 6-9-26-6				11,265						\$11,265
IC 6-9-33-5				7,473			1,424			\$8,897
IC 6-9-35-5				1,060			674			\$1,734
IC 6-9-35-9							16,039			\$16,039
IC 6-9-8-2							(29,226)			(\$29,226)
Grand Total		\$89,640	\$1,958,356	\$796,194	\$2,376,714	\$155,945	\$97,495	\$59,991	\$893,693	\$6,428,028

*For SIC explanation, see [page 63](#).

**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 2014, the department received 2.3 million paper documents, an additional 1.2 million W-2s, and 2.3 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 15,000 returns with this classification this year. This is approximately one-half of the correspondence generated by the department back to the taxpayer.

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 2014, 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 450,000 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 2014, 53,000 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 – 35,000: 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 – 800
 - b. Taxpayers submitting incorrect information – 10,000
 - c. Taxpayers submitting a WH-3 with no wage statement documentation – 1,500
- The department worked 79,000 returns that needed additional work and resources devoted to them in FY 2014. 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 2014, that number fell to 800. This is a direct result of a multichannel outreach to noncompliant taxpayers.



The final section provides the taxpayer bill of rights, the FY 2014 legislative changes affecting the taxpayers the Indiana Department of Revenue serves, along with information on how a taxpayer can contact the department.

Part V

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

LEGISLATION BY TAX TYPE

SALES AND USE TAX (IC 6-2.5)

Summary: Specifies that for purposes of computing the sales tax, a seller may elect to round the tax on an item basis or an invoice basis. However, the seller may not round the tax on an item basis to circumvent the tax that otherwise would be imposed on a transaction using an invoice basis.

Effective Date: July 1, 2014

Code: IC 6-2.5-2-2

Enrolled Act: SEA 161, Sec. 1

What Indiana Taxpayers Have to Say

“Cindy D. was great help. I bet I emailed her 15 times with what were probably stupid questions, and she was always very pleasant and helpful. She reviewed my application with me over the phone so that it was submitted correctly the first time. I was prepared for a long walk down the bureaucracy trail. Cindy was so pleasant and helpful, she made this procedure much easier than I imagined it would be.” — Rick O.

Summary: Provides that the sales tax rate on a motor vehicle that a purchaser intends to transport outside Indiana within 30 days and title or register for use in another state or country is the rate of that state or country.

Effective Date: July 1, 2014

Code: IC 6-2.5-2-3

Enrolled Act: SEA 367, Sec. 9

Summary: Repeals the section defining “E85” in the use tax on gasoline chapter because the term is never used.

Effective Date: Upon Passage

Code: IC 6-2.5-3.5-2

Enrolled Act: SEA 24, Sec. 27

Summary: Repeals the section defining “price per unit before the addition of state and federal taxes” in the use tax on gasoline chapter because the term is never used.

Effective Date: July 1, 2014

Code: IC 6-2.5-3.5-7

Enrolled Act: SEA 24, Sec. 28

Summary: Removes blood glucose monitoring meters from the separate sales tax exemption for blood glucose supplies to comply with the Streamlined Sales and Use Tax Agreement. Provides that blood glucose meters and the packaging or literature for a blood glucose meter furnished without charge by a diabetic supply distributor are exempt from tax.

Effective Date: July 1, 2014

Code: IC 6-2.5-5-19.5

Enrolled Act: SEA 161, Sec. 2

Summary: Expands the sales tax exemption for aircraft materials, parts, and engines to allow the exemption if the retail merchant has leased a facility at a public use airport, the retail merchant meets the airport’s minimum standards for an aircraft maintenance facility, and the work is performed by a mechanic who is certified by the Federal Aviation Administration.

Effective Date: July 1, 2014

Code: IC 6-2.5-5-46

Enrolled Act: SEA 367, Sec. 10

Summary: Provides that a retail merchant engaged in selling bulk propane at retail in Indiana shall claim a credit before June 30, 2014, equal to the sales tax paid by the retail merchant’s customers after Dec. 31, 2013, and before April 1, 2014, on that part of the price of bulk propane that exceeded \$2.50 per gallon. Requires the retail merchant to provide a credit to its customers on their next purchase of bulk propane occurring after the retail merchant claims the credit. Specifies that retail merchants are entitled to a collection

allowance of 1% for administering the credits provided to customers.

Effective Date: Upon Passage

Code: IC 6-2.5-5-49.5

Enrolled Act: SEA 1, Sec. 8

Summary: Resolves technical conflicts between differing 2013 amendments to this section of the Indiana Code pertaining to the sales tax on special fuel.

Effective Date: July 1, 2014

Code: IC 6-2.5-7-5

Enrolled Act: SEA 24, Sec. 29

ADJUSTED GROSS INCOME TAX (IC 6-3)

Summary: Phases down the corporate income tax rate from 6.5% in FY 2016 to 4.9% after June 30, 2021. Specifically, the rate decrease is as follows:

FY 2017	6.25%
FY 2018	6.0%
FY 2019	5.75%
FY 2020	5.5%
FY 2021	5.25%
After June 30, 2021	4.9%

Effective Date: July 1, 2014

Code: IC 6-3-2-1

Enrolled Act: SEA 1, Sec. 9

What Indiana Taxpayers Have to Say

“Ruby P. made a difficult situation easier.” — Elizabeth W.

Summary: Provides that an entity is not considered to have Indiana income for purposes of the state income tax merely because of certain logistics activities concerning the distribution of legend drugs, medical devices, or medical supplies that are conducted in Indiana by a third-party logistics provider.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-3-2-2.1

Enrolled Act: HEA 1380, Sec. 13

Summary: Provides that a captive insurer subject to the tax under IC 27-1-2-2.3 is not subject to the adjusted gross income tax.

Effective Date: Jan. 1, 2013 (RETROACTIVE)

Code: IC 6-3-2-2.8

Enrolled Act: HEA 1206, Sec. 1

What Indiana Taxpayers Have to Say

“I just wanted to say that out of all the states I have had to work with to clear up tax accounts, none are as helpful as the people at INDOR! When I get to an Indiana account that needs researching, I breathe easier knowing that it will be a smooth, hassle-free, and friendly process. Thank you for your excellent customer service!” — Katy S.

Summary: Provides that the value of an Olympic medal and prize money paid by the United States Olympic Committee to the winner of an Olympic medal are exempt from adjusted gross income tax.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-3-2-24

Enrolled Act: SEA 161, Sec. 3

Summary: Provides an individual income tax credit for an individual who is eligible to claim the federal adoption credit. The credit is equal to the lesser of 10% of the amount of federal credit allowed per child or \$1,000 for each eligible child. The credit may not exceed the amount of the taxpayer's adjusted gross income tax liability for the taxable year. The amount of any unused credit cannot be carried forward, carried back, or refunded. If all or part of the federal credit is required to be claimed in or carried forward to a taxable year after the taxable year in which the credit is first allowed, then the credit shall be treated as allowable for Indiana purposes.

Effective Date: Jan. 1, 2015

Code: IC 6-3-3-13

Enrolled Act: HEA 1222, Sec. 1

INCOME TAX CREDITS (IC 6-3.1)

Summary: Provides that a taxpayer may carry forward any unused tax credit from a prior taxable year to a taxable year that begins after the repeal of the statute that provided the tax credits. Provisions concerning the amount of

carryforward or the number of years to which an unused credit can be carried forward still apply as though the statute allowing the carryforward had not been repealed.

Effective Date: July 1, 2014

Code: IC 6-3.1-1-4

Enrolled Act: HEA 1380, Sec. 14

Summary: Allows a taxpayer whose qualified investment to build or refurbish a riverboat is certified by the Indiana Economic Development Corporation (IEDC) before Jan. 1, 2015, to claim a tax credit in the year that the qualified investment is made as if the Riverboat Building Tax Credit had not been repealed.

Effective Date: July 1, 2014

Code: IC 6-3.1-1-5

Enrolled Act: HEA 1380, Sec. 15

Summary: The Prison Investment Credit is repealed effective Jan. 1, 2015.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-6

Enrolled Act: HEA 1380, Sec. 16

Summary: Specifies that contributions to organizations that provide services to individuals who are ex-offenders are eligible for the Neighborhood Assistance Credit.

Effective Date: July 1, 2014

Code: IC 6-3.1-9-1; IC 6-3.1-9-2

Enrolled Act: SEA 367, Sec. 11 and 12

Summary: Authorizes a shareholder, partner, or member of a pass-through entity to claim the Industrial Recovery Tax Credit.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-3.1-11-24

Enrolled Act: SEA 367, Sec. 13

Summary: Provides that, for taxable years beginning after Dec. 31, 2014, and before Jan. 1, 2019, an Economic Development for a Growing Economy (EDGE) tax credit may be awarded to a business that employs students who have participated in a course of study that includes a cooperative arrangement between the business and an educational institution for the

training of students in high-wage, high-demand jobs that require industry certifications.

Effective Date: July 1, 2014

Code: IC 6-3.1-13-13

Enrolled Act: HEA 1003, Sec. 5

Summary: Provides that a person who proposes to employ students who have participated in a course of study as provided in IC 6-3.1-13-15.7 is required to apply to the IEDC to enter into an agreement for a tax credit.

Effective Date: July 1, 2014

Code: IC 6-3.1-13-14

Enrolled Act: HEA 1003, Sec. 6

Summary: Provides that the aggregate amount of tax credits for all taxpayers employing students who have participated in a course of study that includes a cooperative arrangement between the business and an educational institution for the training of students in high-wage, high-demand jobs that require industry certifications may not exceed \$2,500,000 per fiscal year.

Effective Date: July 1, 2014

Code: IC 6-3.1-13-15.7

Enrolled Act: HEA 1003, Sec. 7

What Indiana Taxpayers Have to Say

"I have visited this [Bloomington] office many times for my business tax needs and questions, and they have given me a consistent excellent service." — Pam E.

Summary: Provides that the taxpayer and the IEDC shall enter into an agreement regarding the student training program. The agreement shall include the following information: a detailed description of the applicant's arrangements between the applicant and educational institutions for the training of students, the duration of the credit and the first taxable year that the credit will be allowed, the credit amount that will be allowed for each year, an agreement that the taxpayer will continue its program with the educational institution for two years after the last taxable year that the taxpayer can claim the credit, the method for determining the number of

students who participated in the program, the number of employees who participated, the income tax withheld for the employees, and any other information that the IEDC requires.

Effective Date: July 1, 2014

Code: IC 6-3.1-13-19.7

Enrolled Act: HEA 1003, Sec. 8

Summary: Provides that beginning in 2015, the Office of Community and Rural Affairs administers the Historic Rehabilitation Income Tax Credit. Provides that appeals of final determinations by the Office of Community and Rural Affairs are to be made to the Indiana Tax Court.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-16-1; IC 6-3.1-16-2; IC 6-3.1-16-7; IC 6-3.1-16-8; IC 6-3.1-16-9; IC 6-3.1-16-10; IC 6-3.1-16-12; IC 6-3.1-16-15

Enrolled Act: SEA 367, Sec. 14-21

What Indiana Taxpayers Have to Say

"I had numerous calls concerning my application for a retail merchant certificate. I came in frustrated but left smiling. Chris T. was courteous, knowledgeable, and provided really great service." — Valerie R.

Summary: The Indiana Riverboat Building Credit is repealed effective Jan. 1, 2015.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-17

Enrolled Act: HEA 1380, Sec. 17

Summary: For purposes of the income tax credit for property taxes paid on homesteads in Lake County, income is defined as adjusted gross income for the taxpayer or the taxpayer and the spouse.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-20-1; IC 6-3.1-20-4; IC 6-3.1-20-5

Enrolled Act: SEA 367, Sec. 22-24

Summary: Provides that if the cost of the credit is less than \$8,500,000, riverboat admissions tax revenue equal to the difference between \$8,500,000 and the cost of the credits shall be paid to the Northwest Indiana Regional

Development Authority and used for public mass rail transportation in Lake County.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-20-7

Enrolled Act: SEA 367, Sec. 25

Summary: Provides that beginning in 2015, the Office of Community and Rural Affairs administers the Residential Historic Rehabilitation Income Tax Credit. Provides that appeals of final determinations of the Office of Community and Rural Affairs are to be made to the Indiana Tax Court.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-22-1; IC 6-3.1-22-2; IC 6-3.1-22-8; IC 6-3.1-22-9; IC 6-3.1-22-10; IC 6-3.1-22-11; IC 6-3.1-22-13

Enrolled Act: SEA 367, Sec. 26-32

Summary: The Voluntary Remediation Tax Credit is repealed effective Jan. 1, 2015.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-23

Enrolled Act: HEA 1380, Sec. 18

Summary: Provides that a Venture Capital Investment Tax Credit is not a security subject to IC 23 (Indiana Uniform Securities Act).

Effective Date: July 1, 2014

Code: IC 6-3.1-24-14

Enrolled Act: SEA 375, Sec. 1

Summary: The Blended Biodiesel Tax Credits are repealed effective Jan. 1, 2015.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-27

Enrolled Act: HEA 1380, Sec. 19

What Indiana Taxpayers Have to Say

"Jennifer S. helped correct a mistake. She was knowledgeable and courteous. I was very pleased with the service." — William T.

Summary: The Ethanol Production Tax Credit is repealed effective Jan. 1, 2015.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-28

Enrolled Act: HEA 1380, Sec. 20

Summary: Provides that a taxpayer is not entitled to a School Scholarship Tax Credit for a contribution to a scholarship-granting organization that is used to provide a scholarship or other assistance to a child participating in the Early Education Grant Pilot Program.

Effective Date: July 1, 2014

Code: IC 6-3.1-30.5-7

Enrolled Act: HEA 1004, Sec. 1

What Indiana Taxpayers Have to Say

"Janis B. was very helpful in helping me understand and fix the problem."

— Robert K.

Summary: The Energy Savings Tax Credit is repealed effective July 1, 2014.

Effective Date: July 1, 2014

Code: IC 6-3.1-31.5

Enrolled Act: HEA 1380, Sec. 21

Summary: The New Employer Tax Credit is repealed effective Jan. 1, 2015.

Effective Date: Jan. 1, 2015

Code: IC 6-3.1-33

Enrolled Act: HEA 1380, Sec. 22

Summary: Provides that a vehicle must be purchased or leased from a dealer in Indiana to be eligible for the tax credit for natural gas-powered vehicles.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-3.1-34.6-6

Enrolled Act: HEA 1180, Sec. 1

Summary: Provides that the credit for natural gas-powered vehicles no longer applies to vehicles using alternative fuel, but applies to vehicles using

a natural gas product as defined in IC 6-6-2.5-16. No longer requires the vehicle to be used in providing public transportation to be eligible for the credit.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-3.1-34.6-10

Enrolled Act: HEA 1180, Sec. 2

Summary: Requires the taxpayer to apply to the Department of Revenue for approval of the credit for natural gas-powered vehicles at the time of the purchase or lease of a qualified vehicle. Requires the taxpayer to submit proof of purchase or lease and attach the department's approval of the tax credit to the person's tax return. The department will approve credits in the chronological order that the applications for the credit are received. If the total amount of credits approved reaches the maximum amount of credits allowable, the department may not approve any additional credits in that year.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-3.1-34.6-12

Enrolled Act: HEA 1180, Sec. 3

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

Summary: Provides a method of funding for central Indiana transportation. Provides that Hancock and Johnson counties can impose additional county adjusted gross income tax (CAGIT) to fund central Indiana transportation. The counties can adopt an ordinance to use CAGIT revenue attributable to an additional tax rate that may be imposed at a rate of at least 0.1% and not more than 0.25%. If the counties do not adopt an ordinance to have a referendum, a township in the county can request a referendum if the township is located adjacent to a county or another township where a public transportation project has been approved. If a township approves the referendum, the additional tax rate applies to only county taxpayers who reside in the township where the voters have approved a referendum.

Effective Date: July 1, 2014

Code: IC 6-3.5-1.1-9; IC 6-3.5-1.1-23; IC 6-3.5-1.1-24; IC 6-3.5-1.1-29

Enrolled Act: SEA 176, Sec. 2-5

Summary: Provides a method of funding for central Indiana transportation. Provides that Delaware and Madison counties can impose additional county option income tax (COIT) to fund central Indiana transportation. The counties can adopt an ordinance to use COIT revenue attributable to an additional tax rate that may be imposed at a rate of at least 0.1% and not more than 0.25%. If the counties do not adopt an ordinance to have a referendum, a township in the county can request a referendum if the township is located adjacent to a county or another township where a public transportation project has been approved. If a township approves the referendum, the additional tax rate applies to only county taxpayers who reside in the township where the voters have approved a referendum.

Effective Date: July 1, 2014

Code: IC 6-3.5-6-17; IC 6-3.5-6-18; IC 6-3.5-6-26; IC 6-3.5-6-30; IC 6-3.5-6-34

Enrolled Act: SEA 176, Sec. 7-11

Summary: Provides a method of funding for central Indiana transportation. Provides that Hamilton and Marion counties can impose additional county economic development income tax (CEDIT) to fund central Indiana transportation. The counties can adopt an ordinance to use CEDIT revenue attributable to an additional tax rate that may be imposed at a rate of at least 0.1% and not more than 0.25%. If the counties do not adopt an ordinance to have a referendum, a township in the county can request a referendum if the township is located adjacent to a county or another township where a public transportation project has been approved. If a township approves the referendum, the additional tax rate applies to only county taxpayers who reside in the township where the voters have approved a referendum.

Effective Date: July 1, 2014

Code: IC 6-3.5-7-5; IC 6-3.5-7-5.5; IC 6-3.5-7-26; IC 6-3.5-7-29

Enrolled Act: SEA 176, Sec. 12-15

What Indiana Taxpayers Have to Say

“Two years in a row I had a problem with my tax return. Rebecca H. helped me with solving it and was exceedingly positive, patient, and gentle while helping me. I am so very thankful and grateful for her service and for this [Ft. Wayne] office. Having to get to Indianapolis to solve my problem would’ve been a genuine hardship.” — Patricia D.

Summary: Provides that for taxable years beginning after Dec. 31, 2014, there is a credit against county economic development income tax (CEDIT) for taxes paid to local governments outside Indiana.

Effective Date: July 1, 2014

Code: IC 6-3.5-7-8.1

Enrolled Act: HEA 1380, Sec. 23

FINANCIAL INSTITUTIONS TAX (IC 6-5.5)

Summary: Phases down the financial institutions tax rate to 4.9% in calendar year 2023. Specifically, the rate decrease is as follows:

CY 2019	6.25%
CY 2020	6.0%
CY 2021	5.5%
CY 2022	5.0%
After Dec. 31, 2022	4.9%

Effective Date: July 1, 2014

Code: IC 6-5.5-2-1

Enrolled Act: SEA 1, Sec. 10

Summary: Provides that a captive insurer subject to tax under IC 27-1-2-2.3 is not subject to the financial institutions tax.

Effective Date: Jan. 1, 2013 (RETROACTIVE)

Code: IC 6-5.5-2-7

Enrolled Act: HEA 1206, Sec. 2

What Indiana Taxpayers Have to Say

“I was just helped by Cathy N. with a problem I had on my Indiana taxes. I want to commend her for being very prompt, efficient, and helpful, and most of all for calling me back and resolving the issue. Thanks!”

— Elisha S.

GASOLINE AND SPECIAL FUEL TAXES (IC 6-6-1.1; IC 6-6-2.5)

Summary: Eliminates liquid or compressed natural gas, or a combination of liquefied petroleum gas and a compressed natural gas product, from the definition of “alternative fuel.”

Effective Date: Jan. 1, 2014 (RETROACTIVE)
Code: IC 6-6-2.5-1
Enrolled Act: HEA 1180, Sec. 4

Summary: Adds a new section to define “natural gas product” as a liquid or compressed natural gas product or a combination of liquefied petroleum gas and a compressed natural gas product used in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance.
Effective Date: Jan. 1, 2014 (RETROACTIVE)
Code: IC 6-6-2.5-16.5
Enrolled Act: HEA 1180, Sec. 5

Summary: Eliminates alternative fuel from the definition of “special fuel” and includes natural gas products as a special fuel.
Effective Date: Jan. 1, 2014 (RETROACTIVE)
Code: IC 6-6-2.5-22
Enrolled Act: HEA 1180, Sec. 6

Summary: Removes a reference to propane and butane in the special fuel tax law in conformance with HEA 1180-2014. This is a technical correction.
Effective Date: July 1, 2014
Code: IC 6-6-2.5-28
Enrolled Act: HEA 1380, Sec. 24

MOTOR CARRIER FUEL USE TAX (IC 6-6-4.1)

Summary: Amends the definitions of “farm product” and “farm vehicle” for purposes of the motor vehicle statutes. This is a technical change in the motor carrier fuel use tax statute. In essence, it provides that a farm product does not include logs, wood chips, bark, or sawdust. A vehicle hauling these products cannot be licensed as a farm vehicle.
Effective Date: July 1, 2014
Code: IC 6-6-4.1-2
Enrolled Act: HEA 1219, Sec. 1

MISCELLANEOUS AND VEHICLE EXCISE TAXES (IC 6-6)

Summary: Makes technical corrections to the commercial vehicle excise tax statute.

Effective Date: Jan. 1, 2015
Code: IC 6-6-5.5-7
Enrolled Act: HEA 1237, Sec. 6

Summary: Repeals the hazardous waste disposal tax in IC 6-6-6.6 and replaces it with the hazardous waste disposal fee in IC 13-22-12.
Effective Date: July 1, 2014
Code: IC 6-6-6.6
Enrolled Act: HEA 1342, Sec. 1

Summary: Provides that after June 30, 2014, a carrier claiming the road tax credit for consumption of compressed natural gas must claim the credit on a quarterly basis in the manner prescribed by the Department of Revenue. The credits must be claimed before Oct. 30, Jan. 30, April 30, and July 30.
Effective Date: Jan. 1, 2014 (RETROACTIVE)
Code: IC 6-6-12-5
Enrolled Act: HEA 1180, Sec. 7

What Indiana Taxpayers Have to Say

“Dear Vicki R., I just wanted to thank you again for your help sorting out our tax discrepancy. We just received our refund check last week, and while that isn’t a lot of money, it is much better than paying! I never dreamed that it would be so easy to get fixed and really appreciate your help. Thanks again.” — Leslie P.

Summary: Clarifies that the credit is 12% of the road taxes paid for the consumption of compressed natural gas in the previous quarter.
Effective Date: Jan. 1, 2014 (RETROACTIVE)
Code: IC 6-6-12-6
Enrolled Act: HEA 1180, Sec. 8

Summary: Technical change to the aviation fuel excise tax to clarify that it is a Level 6 felony instead of a Class D felony to intentionally fail to remit the tax to the Department of Revenue.
Effective Date: July 1, 2014
Code: IC 6-6-13-13
Enrolled Act: HEA 1006, Sec. 11

Summary: Adds a new chapter concerning alternative fuel decals. Provides that the owner of a vehicle that is propelled by alternative fuel shall obtain an annual alternative fuel decal for the vehicle. The fee for the decal is based on the weight and type of vehicle. The annual fee may be prorated on a quarterly basis if the application is made after June 30 of a year. The owner of an alternative fuel vehicle that is registered outside Indiana but operated on a public highway in Indiana is required to get a temporary trip permit. The permit costs \$5.50 and is valid for 72 hours. A person who wants to make alternative fuel sales in Indiana must be licensed by the Department of Revenue as a propane dealer. The fee for a propane dealer license is \$50. The department can rescind the license if the propane dealer fails to comply with any requirement of IC 6-6-14. The department shall issue a decal to the owner of a vehicle propelled by alternative fuel. The decal is effective from April 1 of each year through March 31 of the next year. A dealer may place alternative fuel in a vehicle only if the vehicle has a valid alternative fuel decal affixed in the lower-left side of the vehicle's front windshield.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-6-14

Enrolled Act: HEA 1180, Sec. 9

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

Summary: Provides that all reports and taxes relating to cigarette taxes are required to be filed or remitted to the Department of Revenue in an electronic format prescribed by the department.

Effective Date: July 1, 2014

Code: IC 6-7-1-37

Enrolled Act: SEA 367, Sec. 33

What Indiana Taxpayers Have to Say

"I was dreading the thought of another audit. That changed within five minutes of meeting our auditor, Rena E. Rena was friendly, courteous, professional, and engaging. She was helpful, asked good questions, and repeatedly offered up advice. We could not have been more impressed."
— Anonymous

Summary: Provides that all reports and taxes relating to other tobacco products taxes are required to be filed or remitted to the Department of Revenue in an electronic format prescribed by the department.

Effective Date: July 1, 2014

Code: IC 6-7-2-12

Enrolled Act: SEA 367, Sec. 34

TAX ADMINISTRATION (IC 6-8.1)

Summary: Resolves technical conflicts between differing 2013 amendments to IC 6-8.1-1-1 pertaining to the Department of Revenue's listed taxes.

Effective Date: Jan. 1, 2014 (RETROACTIVE)

Code: IC 6-8.1-1-1

Enrolled Act: SEA 24, Sec. 30

What Indiana Taxpayers Have to Say

"Elaine I. has been and continues to be a great resource for us here in the audit world. In auditing fuel retailers, the DR reports are critical, and Elaine has been extremely responsive to our requests for these reports. Elaine cheerfully sends us whatever we ask for. She's a great team player and provides excellent customer service!" — LuAnn P.

Summary: Amends the section concerning listed taxes that the Department of Revenue administers to eliminate the reference to the alternative fuel permit fee, the underground storage tank fee, and the solid waste management fee.

Effective Date: July 1, 2014

Code: IC 6-8.1-1-1

Enrolled Act: HEA 1342, Sec. 2

Summary: Repeals the provision that required the Department of Revenue to include a voter registration form in all individual income tax booklets that were mailed to taxpayers using preprinted labels with Indiana addresses.

Effective Date: July 1, 2014

Code: IC 6-8.1-3-19

Enrolled Act: SEA 385, Sec. 73

Summary: Requires the Department of Revenue to coordinate with the Secretary of State to use an Internet website to share information with other state agencies and to provide a single point of contact for a person to accomplish various requirements to transact business in the state, including completing and submitting an application for a license that is issued by the department; filing with the department documents that are required to transact business in the state; and remitting any fee that must be paid to the department by the person, including application fees, filing fees, permit fees, and registration fees.

Effective Date: July 1, 2014

Code: IC 6-8.1-3-23

Enrolled Act: HEA 1198, Sec. 2

Summary: Provides that the special tax section of the Department of Revenue will no longer administer and enforce the hazardous waste disposal tax.

Effective Date: July 1, 2014

Code: IC 6-8.1-4-1.6

Enrolled Act: HEA 1342, Sec. 3

Summary: Allows the Department of Revenue to deny or suspend certain oversize and overweight vehicle permits if the applicant or permit holder is delinquent in paying escort fees to the State Police Department.

Effective Date: July 1, 2014

Code: IC 6-8.1-4-4

Enrolled Act: HEA 1380, Sec. 25

Summary: Provides that all Indiana adjusted gross income tax return and financial institutions tax return due date extensions are treated the same as extensions granted because of a federal income tax due date extension. Also provides that any penalties shall be based on the amount of tax not paid on or before the end of the extension period.

Effective Date: Jan. 1, 2015

Code: IC 6-8.1-6-1

Enrolled Act: HEA 1380, Sec. 26

What Indiana Taxpayers Have to Say

“Linda M., you are like a fountain full of transportation knowledge. Thanks a million!” — Jesus T.

Summary: Resolves technical conflicts between differing 2013 amendments to IC 6-8.1-7-1 pertaining to the Department of Revenue’s confidentiality statute.

Effective Date: Upon Passage

Code: IC 6-8.1-7-1

Enrolled Act: SEA 24, Sec. 31

Summary: Provides that the adjusted rate of interest as determined by the Commissioner of the Department of Revenue shall be based on the average investment yield on State General Fund money, instead of including the earnings from all funds.

Effective Date: July 1, 2014

Code: IC 6-8.1-10-1

Enrolled Act: HEA 1005, Sec. 13

ALCOHOLIC BEVERAGE TAXES (IC 7.1-4)

Summary: Provides that all returns and payments of all taxes related to alcoholic beverages shall be filed or remitted to the Department of Revenue in an electronic format prescribed by the department.

Effective Date: July 1, 2014

Code: IC 7.1-4-6-3.5

Enrolled Act: SEA 367, Sec. 36

ENHANCED PREPAID WIRELESS TELECOMMUNICATIONS SERVICE CHARGE (IC 36-8-16.6)

Summary: Clarifies that certain eligible telecommunications providers are not considered federal agencies for purposes of the exemption provided to federal government purchasers.

Effective Date: Upon Passage

Code: IC 36-8-16.6-11

Enrolled Act: SEA 396, Sec. 6

MISCELLANEOUS PROVISIONS

Summary: Requires the Commission on State Tax and Financing Policy to review, analyze, and evaluate state and local tax incentives that are provided to encourage economic development or to alter, reward, or subsidize a particular action or behavior by a tax incentive recipient.

Effective Date: July 1, 2014

Code: IC 2-5-3.2

Enrolled Act: HEA 1020, Sec. 1

Summary: Specifies that state agencies, including the Department of Revenue, shall provide assistance at no cost to the Secretary of State in developing and maintaining a one-stop Internet website for businesses to use.

Effective Date: July 1, 2014

Code: IC 4-5-10-1

Enrolled Act: HEA 1198, Sec. 1

Summary: Eliminates the requirement that excess State General Fund reserves are to be carried over each year for purposes of determining a transfer to the Pension Stabilization Fund and an automatic taxpayer refund.

Effective Date: July 1, 2014

Code: IC 4-10-22-3

Enrolled Act: SEA 225, Sec. 1

Summary: Provides that the gross retail (i.e., sales) base period amount for the motorsports investment district is the amount of sales tax remitted by a taxpayer during calendar year 2012.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-5

Enrolled Act: HEA 1380, Sec. 1

What Indiana Taxpayers Have to Say

"Melissa M. was very very courteous, helpful, and knowledgeable. It was a pleasure dealing with her! She went above and beyond. Service doesn't get better than this!" — Larry J.

Summary: Provides that the gross retail (i.e., sales) incremental amount is the amount of sales tax remitted by a taxpayer during a calendar year minus the retail base period amount.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-6

Enrolled Act: HEA 1380, Sec. 2

Summary: Provides that the income tax base period amount for the motorsports investment district is the amount of adjusted gross income taxes paid during calendar year 2012.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-7

Enrolled Act: HEA 1380, Sec. 3

Summary: Provides that the income tax incremental amount is the amount of income tax remitted by a taxpayer during a calendar year minus the income tax base period amount.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-8

Enrolled Act: HEA 1380, Sec. 4

Summary: Provides that the Department of Revenue's calculation of the income tax and sales tax incremental amount for the motorsports investment district will be the incremental amount for the preceding calendar year instead of the fiscal year.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-10

Enrolled Act: HEA 1380, Sec. 5

Summary: Requires the Department of Revenue by the first day of November to determine the amount of income tax incremental amount, sales tax incremental amount, and motorsports admission fee collected in the prior calendar year.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-11

Enrolled Act: HEA 1380, SEC. 6

Summary: Clarifies that the Department Revenue shall annually notify the Indiana Finance Authority, the State Budget Agency, and the owners of a qualified motorsports facility of the amounts determined in IC 4-10-23-11 and the amount reverted to the State General Fund from the motorsports facility fund established under IC 5-1-17.5-30.5.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 4-10-23-12

Enrolled Act: HEA 1380, Sec. 7

What Indiana Taxpayers Have to Say

"I was helped by your representative, Carmalita B. She was very knowledgeable and helped me greatly. She has a wonderful attitude and pleasant voice." — Sharon R.

Summary: Provides that a person who wins a prize payable in installments from the State Lottery Commission may assign the future prize payments under certain circumstances upon court approval. Requires the director of the State Lottery Commission to investigate and certify whether a person who petitions for a lottery prize payment assignment has or has not satisfied debts to state agencies including the Department of Revenue.

Effective Date: July 1, 2014

Code: IC 4-30-5-6

Enrolled Act: SEA 312, Sec. 1

Summary: Requires the motorsports commission to establish a Motorsports Facility Fund for the district. The commission shall in each state fiscal year deposit in the fund \$2,000,000 from payments established under IC 5-1-17.5-37(f)(1). The commission shall request an appropriation equal to the amount of money that the commission is required to deposit into the fund for that state fiscal year. Money in the fund will revert to the State General Fund on June 30 of each year.

Effective Date: May 15, 2013 (RETROACTIVE)

Code: IC 5-1-17.5-30.5

Enrolled Act: HEA 1380, Sec. 8

Summary: Provides that after Dec. 31, 2015, "commercial vehicle" means a motor vehicle used in commerce to transport property if the vehicle has a declared gross weight of at least 16,000 pounds and is subject to the commercial vehicle excise tax.

Effective Date: July 1, 2014

Code: IC 9-13-2-31.5

Enrolled Act: HEA 1180, Sec. 10

Summary: Provides that until Jan. 1, 2016, the Department of Revenue can continue to register vehicles even if the owner's fleet falls below the 25-vehicle minimum of commercial vehicles.

Effective Date: July 1, 2014

Code: IC 9-18-2-4.5

Enrolled Act: HEA 1180, Sec. 11

Summary: After Dec. 31, 2015, the Department of Revenue may issue a license plate for each commercial vehicle that has paid the registration fee and commercial vehicle excise tax if there are more than 25 commercial vehicles in the owner's fleet. The license plate issued under this section for a commercial motor vehicle is permanently valid. The application for the commercial vehicles must be submitted on an aggregate basis by electronic means. The certificate of registration must be carried at all times in the vehicle for which it is issued. Permanent registration does not relieve the

owner of a vehicle from the payment of any applicable commercial vehicle excise taxes due on an annual basis. All vehicles subject to the commercial vehicle excise tax, including trailers and semi-trailers, must be registered with the department and issued a permanent license plate.

Effective Date: July 1, 2014

Code: IC 9-18-2-4.6

Enrolled Act: HEA 1180, Sec. 12

Summary: Eliminates the provision that prohibited a vehicle using compressed natural gas as a fuel from operating at night outside the corporate limits of a municipality.

Effective Date: July 1, 2014

Code: IC 9-19-5-6

Enrolled Act: HEA 1180, Sec. 14

Summary: Specifies the amount that shall be collected by the Department of Revenue for registrations of vehicles in a commercial fleet, if the department adopts rules to implement staggered registration.

Effective Date: Jan. 1, 2015

Code: IC 9-29-5-42

Enrolled Act: HEA 1380, Sec. 31

Summary: Provides that the responsibility for collection of the underground storage tank fee is transferred from the Department of Revenue to the Indiana Department of Environmental Management.

Effective Date: July 1, 2014

Code: IC 13-23-12-1

Enrolled Act: SEA 217, Sec. 3

Summary: Provides that a person may not sell, lease, or rent a hearing aid in Indiana unless the hearing aid has been fitted in person by a hearing aid dealer or an audiologist.

Effective Date: July 1, 2014

Code: IC 25-35.6-4

Enrolled Act: HEA 1139, Sec. 4

Summary: Allows a professional sports development area (PSDA) in Allen County to be amended after April 30, 2014, and before Jan. 1, 2015.

Effective Date: Upon Passage

Code: IC 36-7-31.3-9.7

Enrolled Act: SEA 308, Sec. 9

What Indiana Taxpayers Have to Say

"Wilma M. was very helpful when we had questions. She was very friendly." — Don M.

Summary: Provides that a PSDA in Allen County must terminate before the later of Jan. 1, 2028, or (if the designating body takes final action on the financing before Jan. 1, 2015) a date agreed to jointly by the State Budget Agency and the designating body that established the tax area. Specifies that the expiration date may not be later than 25 years after the debt to finance the facility or proposed facility is issued and that the State Budget Agency must approve the final financing for the facility or proposed facility.

Effective Date: Upon Passage

Code: IC 36-7-31.3-10

Enrolled Act: SEA 308, Sec. 10

TAX HELP

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.

DISTRICT OFFICE LOCATIONS

Indianapolis (Main Office)
 Indiana Government Center North,
 Room N105
 100 N. Senate Avenue
 Indianapolis, IN 46204
 (317) 232-2240

Bloomington
 410 Landmark Avenue
 Bloomington, IN 47403
 (812) 339-1119

Clarksville
 Physical Location:
 1200 Madison Street, Suite E
 Clarksville, IN 47131
 (812) 282-7729
 Mailing Address: P.O. Box 3249
 Clarksville, IN 47131-3249

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

Evansville
 500 S. Green River Road
 Goodwill Building, Suite 202
 Evansville, IN 47715
 (812) 479-9261

Fort Wayne
 1415 Magnavox Way, Suite 100
 Fort Wayne, IN 46804
 (260) 436-5663

Kokomo
 117 E. Superior Street
 Kokomo, IN 46901
 (765) 457-0525

Lafayette
 100 Executive Drive, Suite B
 Lafayette, IN 47905
 (765) 448-6626

Merrillville
 1411 E. 85th Avenue
 Merrillville, IN 46410
 (219) 769-4267

Muncie
 3640 N. Briarwood Lane, Suite 5
 Muncie, IN 47304
 (765) 289-6196

South Bend
 1025 Widener Lane, Suite B
 South Bend, IN 46614
 (574) 291-8270

Terre Haute
 30 N. 8th Street, 3rd Floor
 Terre Haute, IN 47807
 (812) 235-6046

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



