



FINAL REPORT  
INDIANA DEPARTMENT OF REVENUE

**INDIANA TAX AMNESTY 2015 FINAL REPORT**  
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## EXECUTIVE SUMMARY

*Respectfully Submitted by Commissioner Andrew Kossack*  
September 27, 2016

In May of 2015, Governor Mike Pence signed into law House Enrolled Act 1001, which required the Indiana Department of Revenue to conduct an eight-week tax amnesty program ending prior to January 1, 2017.

This would be the state's second tax amnesty program. Conducted in 2005 and known as, Indiana Tax Amnesty, the state's first amnesty program collected more than \$244 million from \$1.3 billion in eligible liabilities. The Indiana Tax Amnesty Program originally was targeted to collect \$65 million.

Tax Amnesty 2015 was a limited time opportunity for taxpayers to pay past-due base taxes, from periods ending prior to January 1, 2013, free of penalty, interest and collection fees. Taxpayers who participated in Indiana Tax Amnesty were not eligible to participate in Tax Amnesty 2015. The department identified approximately \$545 million in outstanding liabilities that were eligible for collection during Tax Amnesty 2015.

The second amnesty program, known as Tax Amnesty 2015, was a success by any measure.

The Indiana Department of Revenue collected more than \$188 million from Tax Amnesty 2015, surpassing the original \$90 million collection target set out in House Enrolled Act 1001 (2015). Tax Amnesty 2015 collected approximately 34 percent of eligible liabilities, compared to the 2005 program's collection rate of approximately 19 percent.

The total cost to implement Tax Amnesty 2015 was approximately \$6.6 million, which includes the cost of the third party collection contract. Approximately \$28.25 was collected for every \$1 invested to implement the Tax Amnesty 2015 program. In comparison, implementation of the 2005 amnesty program cost approximately \$15.5 million resulting in the collection of \$16 for every \$1 invested to implement the program.

Due to the dedication, commitment, and professionalism of department employees, Tax Amnesty 2015 was successfully planned and effectively executed. From answering taxpayer questions, to processing payments, to communicating with tax practitioners and the news media, it took an intense and unified commitment to collect more than double the original collection target.

In addition to the success in collections, the department was able to serve more than 77,000 taxpayers and assist them in getting their accounts back into good standing with the state. Although Tax Amnesty 2015 has ended, the department continues to help taxpayers become -- and remain -- compliant and move forward in good standing.

The following report details the department's efforts before, during, and after Tax Amnesty 2015 to ensure the program yielded the collections target set by the Indiana General Assembly and served taxpayers effectively and efficiently.

## LEGISLATIVE HISTORY

House Enrolled Act (HEA) 1001 (see Appendix A) was signed by Governor Mike Pence in May 2015.

The legislation required the department to establish a tax amnesty program for all listed taxes, and stated the program would last eight business weeks and would conclude no later than January 1, 2017. The legislation provided that any liability due and payable for a period ending before January 1, 2013 would be eligible for amnesty.

Taxpayers were permitted to file an original or amended return in which the taxpayer reported a liability for a listed tax or the taxpayer filed a written statement of liability for a listed tax.

The program provided that if a taxpayer paid all listed taxes due for a taxable year, the department would be required to:

1. Abate and not seek to collect any interest, penalties, collection fees or costs that would otherwise be applicable;
2. Release any liens imposed;
3. Not seek any civil or criminal prosecution against any individual or entity;
4. Not issue, or, if issued, shall withdraw an assessment, a demand notice, or a warrant for payment.

The legislation provided that if a taxpayer was eligible for amnesty and did not pay the tax due and payable for a tax period or did not comply with the payment plan agreement established with the department, the original penalty would be doubled after amnesty.

The legislation stated taxpayers who participated in a prior tax amnesty were not eligible to participate in this amnesty. The legislation also established a provision prohibiting any taxpayer participating in this amnesty from participating in any future tax amnesty the state of Indiana might provide.

The legislation provided that the double penalty provision would not apply if a taxpayer had:

1. Filed an original tax appeal in the tax court;
2. A legitimate hold on making the payment as a result of an audit, bankruptcy, protest, or taxpayer advocate action, or another reason permitted by the department;
3. Established a payment plan with the department before (May 12, 2015), or
4. Verified they never received notice of the outstanding tax liability.

The department shall deposit amounts collected under the amnesty program as follows:

1. The first \$84 million (\$84,000,000) collected will be deposited into the Indiana Regional Cities Development Fund.
2. The next \$6 million (\$6,000,000) collected shall be transferred to the Indiana Department of Transportation (INDOT) for the operation of the Hoosier State Rail Line.
3. Any additional amount raised will be deposited into the state general fund.

Additional legislation was passed in 2016 to allocate an additional \$42 million (\$42,000,000) to the Indiana Regional Cities Development Fund as well as \$29.87 million to the pension fund stabilization.

The department was given authority to adopt emergency rules to carry out the amnesty program. Those rules were adopted on July 27, 2015 (see Appendix B).

The rules outlined that to participate successfully in the amnesty program, the taxpayer must:

1. Pay in full all amnesty eligible liabilities;
2. Relinquish all rights to protest, appeal or litigate a tax liability that is being paid;
3. Agree not to file a claim for refund of any tax paid under the amnesty program.

### **FISCAL IMPACT STATEMENT**

The House Enrolled Act 1001 (2015) fiscal impact statement from the Legislative Services Agency stated the following:

Using the average and median collection rates of similar programs, the proposed tax amnesty program could collect about \$109 million to \$159 million. The first \$84 million of amnesty revenue must be deposited into the Indiana Regional Cities Development Fund. The next \$6 million is required to be transferred to INDOT for the operation of the Hoosier State Rail Line. Any remaining revenue attributable to the amnesty program will be deposited in the state general fund.

## PROGRAM RESEARCH AND STRATEGIC PLANNING

Prior to implementation of the Tax Amnesty 2015 program, the department selected an internal leadership team, reviewed the documentation from the 2005 Indiana Tax Amnesty program, and developed a project plan with milestones to act as a roadmap for success.

### Tax Amnesty 2015 Leadership

On May 8, 2015, Commissioner Michael Alley assigned the deputy commissioner of special tax and support administration to serve as the program's Internal Executive Program Sponsor. A Tax Amnesty 2015 Core Leadership team was created and consisted of deputy commissioners, deputy directors, legal counsel, other department leadership and subject matter experts. The Tax Amnesty 2015 Core Leadership team met weekly to oversee and track implementation progress.

On July 17, 2015, following the retirement of Commissioner Michael Alley, Governor Mike Pence appointed the department's then Chief of Staff, Andrew Kossack, as the department's new commissioner. Commissioner Kossack provided extensive leadership and support to the Tax Amnesty 2015 program.

The Tax Amnesty 2015 Core Leadership team's overall strategic goals were to:

1. Comply with House Enrolled Act (HEA) 1001-2015 and provide taxpayers the opportunity to pay unpaid taxes without penalty, interest or collection fees;
2. Provide outstanding customer service to ensure a positive experience for any eligible taxpayer participating in the program; and
3. Generate \$90 million in net tax collections after covering the direct costs of program execution and distribute funds in accordance with HEA 1001-2015.

To meet these goals, the Tax Amnesty 2015 Core Leadership team established the business rules under which Tax Amnesty 2015 would be administered, determined infrastructure needs and provided budget oversight.

The Tax Amnesty 2015 Core Leadership team defined and implemented the program with the mission to:

“Improve taxpayer compliance by providing a fair and effective platform for taxpayers to **Act Now · Get Right · Move Forward** while generating resources through the collection of past due taxes to enhance the economic prosperity of Indiana.”

The leadership team also defined reporting needs, finalized vendor contracts, managed the project timeline and resolved issues with the assistance of the commissioner.

### Prior Tax Amnesty Experience

Indiana's first tax amnesty program was executed in 2005. The department maximized prior experience, documentation, programming and training from this program to expedite implementation of Tax Amnesty 2015. Several members of department staff and leadership were key resources who provided guidance and shared knowledge.

The department also partnered with Navient to conduct Tax Amnesty 2015. Navient was selected after a competitive bid process demonstrated it offered not only successful tax amnesty experiences from

other states, but also the experience of several team members who worked as outside partners with the department in 2005 to conduct Indiana Tax Amnesty.

Three crucial lessons from the 2005 program were contemplated in the course of planning for the Tax Amnesty 2015 program:

- The vast majority of amnesty collections occurred in the last two weeks of the program.
- Incorporating an outbound call initiative as early in the program as possible spurs participation.
- A direct marketing public-relations campaign is the most cost effective promotional method.

Equipped with more than 300 years of department and tax amnesty experience, the team delivered the operational and technical segments of the program in only two and one-half months.

### **Project Plan Overview**

The Tax Amnesty 2015 Core Leadership team developed a project charter focused on:

1. Business objectives and critical success factors
2. Roles and responsibilities
3. Strategic alignment
4. Business impact to each department division
5. Communication plan
6. Change management plan
7. Budget
8. Risks and mitigation
9. Deployment plan
10. Contingency plan
11. Key milestone schedule
12. Eligibility requirements and tax types
13. Process flows and diagrams for mail, call menus, revenue accounting, warrant recall, returns processing and marketing focus
14. Navient collection outreach (including an outbound call program) and customer service plan

### **IMPLEMENTATION OF TAX AMNESTY 2015**

The implementation strategy required close collaboration among all department business areas to ensure the project plan, tasks and timelines were communicated clearly. The implementation strategy ensured:

1. Risks and issues were closely monitored;
2. Project status was communicated weekly;
3. Project delays were escalated promptly; and
4. Process flows, marketing strategy and the information technology timeline were understood by the project team and leadership.

The implementation of Tax Amnesty 2015 focused on identifying delinquent taxpayers, determining the most effective collection strategy, ensuring employees were trained to handle taxpayer questions and payments, launching an effective public relations campaign and ensuring the highest level of customer service was provided to participants.

### **Identification of Delinquent Taxpayers**

One of the first steps in the implementation of Tax Amnesty 2015 was identification of the number and dollar amount of outstanding liabilities for all listed taxes due for tax periods ending before January 1, 2013. Taxpayers who participated in the 2005 Indiana Tax Amnesty program were not eligible to participate in Tax Amnesty 2015. Assessing eligible cases, 423,178 taxpayers collectively owed approximately \$545 million in outstanding tax liabilities.

Some taxpayers were eligible for Tax Amnesty 2015 but could decline participation without being charged a double penalty. These were taxpayers who, prior to Tax Amnesty 2015:

- Filed a written protest with the department;
- Established a payment plan with the department or a county sheriff; and/or
- Filed an action in tax court.

These taxpayers were not subject to the double penalty imposed on eligible taxpayers who failed to participate in Tax Amnesty 2015. However, this exemption from double penalty did not relieve the taxpayer of his or her outstanding tax liability.

A case file was established for each taxpayer eligible for Tax Amnesty 2015. Creating “amnesty cases” allowed the department to group all eligible liabilities for an individual or entity into a single case. More than 350,000 notification letters, representing 345,129 cases and 3,023,497 liability periods, were mailed September 1, 2015. Each notice included the tax type, tax period due, amount of base tax owed, the amount owed prior to Tax Amnesty 2015, the amount due during Tax Amnesty 2015 and the amount to be owed – with double penalty applied – at the conclusion of Tax Amnesty 2015 if the taxpayer chose not to participate. The notice also included a payment coupon the taxpayer could use to participate in Tax Amnesty 2015 by paying the outstanding base tax liability in full.

### **Public Relations**

Communicating with various publics was essential to encouraging participation in Tax Amnesty 2015. The public relations effort included identifying several stakeholder groups as either primary publics or intermediary publics (those who needed to be informed to effectively and accurately communicate about Tax Amnesty 2015). Eligible individual and business taxpayers made up the primary publics, while department employees, news media, tax practitioners, legislators and other community organizations and leaders made up the intermediary publics.

#### *Strategy and Message Development*

The overarching strategy included focusing on positive messages in all communications with a focus on directed and targeted communication with eligible taxpayers and other key publics. In addition, the department relied heavily on community partnerships and outreach efforts. The department also worked with Asher Agency to develop radio and digital advertisements targeted to key publics.



### *Tactical Execution*

The following is an outline of key tactics used to drive the success of Tax Amnesty 2015 communication:

- **Advertising** – The Public Relations Division partnered with Asher Agency to develop and place radio and digital advertisements. This paid media supported the extensive earned media efforts of the division.
- **Community Outreach** – To reach taxpayers through local, trusted sources, the department partnered with community and business organizations and Indiana legislators to host Tax Amnesty 2015 informational seminars. More than 500 taxpayers attended the in-person seminars. A webinar version also was made available. To promote the outreach presentations, turnkey materials, posters and handouts were provided to partnering organizations.
- **Employee communication** – Tax Amnesty 2015 resources were made available via the department’s employee intranet site. In addition, regular updates were sent to employees via emails and informational articles in the department’s internal publications, *The Revenuer* and *InsideDOR*. Employees also were updated via an internal billboard displayed on the second floor of the Indiana Government Center North.
- **Media Relations** – News releases announced the program, promoted presentations with partnering organizations and updated taxpayers on the program’s status and success. The department published 56 Tax Amnesty 2015-related news releases, resulting in more than 270 media placements that spanned all 92 Indiana counties.
- **Practitioner Outreach** – Turnkey materials, posters and handouts were provided to tax practitioners. Additionally, Tax Amnesty 2015 information and resources were shared via *Tax Dispatch*, the department’s newsletter for tax professionals.
- **Social Media** – Key program updates were shared via the department’s Facebook and Twitter accounts. The department published more than 75 social media posts related to Tax Amnesty 2015. Throughout the program, Tax Amnesty 2015 received more than 300 direct and indirect mentions on social media.
- **Website** – A Tax Amnesty 2015 website was created, allowing taxpayers to easily find important program-related information, including forms, the program payment portal, fact sheets and department contact information. The website’s homepage featured a Tax Amnesty 2015 informational video featuring department Commissioner Andrew Kossack. Links and graphics on the department’s external website and internal intranet site drove traffic to the Tax Amnesty 2015 website.

### **Training**

Tax Amnesty 2015 required significant training of all department divisions to ensure outstanding customer service.

From the 2005 Indiana Tax Amnesty program to Tax Amnesty 2015, the department improved the speed and efficiency of delivering program training. In 2005, the department spent more than \$400,000 on an outside vendor to provide department staff training. Using many of those training forms as a starting point, the department’s Training Division was able to create, manage and facilitate the training without the additional cost of utilizing an outside vendor.

Training was completed and the Tax Amnesty 2015 hotline opened to taxpayer phone calls on August 26, 2015. Opening the phone lines earlier allowed the department to assist taxpayers who needed to update tax forms in order to prepare to participate in the Tax Amnesty 2015 program.

The Training Division delivered effective and innovative training:

1. An internal Tax Amnesty 2015 Fact Sheet was created to help customer service representatives answer general questions prior to training completion.
2. A Tax Amnesty 2015 Employee Handbook with more than 70 pages of detailed training information was provided and updated daily during the Tax Amnesty 2015 program.
3. In order to accommodate more than 80 adult learners per session, Innovative WebEx training was developed to train employees from their desks. This delivery method allowed for interactive and hands-on training that included survey and poll questions, pop quizzes and interactive creation and modification of a Tax Amnesty 2015 case. The training allowed learners to ask the facilitators questions using instant message.
4. District Office training was created for those who could not attend the training via WebEx. This training provided an overview of Amnesty Pay (online Tax Amnesty 2015 payment system), Tax Amnesty 2015 case creation and modification and the CIC phone menu. It also included scenario based training, customer service expectations and frequently asked questions.

All department employees working on Tax Amnesty 2015 were required to complete the provided Tax Amnesty 2015 training. Three hundred six (306) department employees completed this training.

In addition, Navient training was developed using department materials. One hundred fifty-eight (158) Navient employees completed training.

Even though department and Navient staffs were well-trained, a “super user” hotline was established that both department and Navient customer service representatives could call to get immediate help on difficult cases.

### **Navient Collections and Customer Service**

Based on a successful partnership with General Revenue Corporation in 2005 for Indiana Tax Amnesty, the department outsourced a bid for a comprehensive outside collection effort. Of the five organizations that met the RFQ requirements, Navient was awarded the contract. The contract included a \$55 million revenue floor before Navient received payment, which was necessary to ensure the success of the Tax Amnesty 2015 program. Navient’s primary goal was to assist the department in collecting the \$90 million revenue target from eligible taxpayers.

The Navient contract included:

- A call center – A dedicated call-center space, located at Navient’s Muncie location, housed 100 full-time employees for Tax Amnesty 2015. Four project teams were assigned, respectively, to in-state delinquencies/non-filers (IS); out-of-state delinquencies/non-filers (OS); exhausted accounts and deep skip tracing (EADS); and under reporters and unidentified liabilities (UR/UL). The department placed one of its own employees on site full-time to ensure quality service.
- Skip-tracing efforts – Having the capability to locate taxpayers who were difficult to reach due to incorrect telephone numbers and address information contributed to the success of the Tax Amnesty 2015 program. Navient used multiple sources of data to skip-trace, which helped to locate more than 36,000 eligible taxpayers.

- Direct mail – Navient mailed 1,326,981 letters to Tax Amnesty 2015-eligible taxpayers. Navient letters served as a reminder of program availability. Navient also issued letters throughout the Tax Amnesty 2015 project in an effort to make contact with all eligible taxpayers.
- Extended hours of operation – Navient provided services outside the department’s normal business hours, operating from:
  - 8 a.m. - 9 p.m. Monday through Friday
  - 8 a.m. - 8 p.m. Saturday
  - 1 p.m. - 9 p.m. Sunday (out of state calls)

This extended availability accommodated 27,359 additional inbound calls and allowed for 168,379 additional outbound calls.

### **Customer Service**

One of the department’s goals was to provide outstanding customer service.

- The department made every effort to contact all eligible taxpayers as early as possible. The best way to reach eligible taxpayers is through direct contact. Direct mailings notified taxpayers of the Tax Amnesty 2015 program weeks before the program started. Navient sent additional follow-up letters and provided skip tracing on Post Office Returned (POR) mail. Additional mailings were sent from Navient when new addresses were identified for POR.
- To make calling about Tax Amnesty 2015 convenient, a special toll-free number was established by the department for incoming Tax Amnesty 2015 calls. The department made more than 300 staff available to answer calls. By directing basic program questions to Navient, department staff was able to focus on more complex calls.
  - During Tax Amnesty 2015, the department answered an average of 700 calls per day. Navient answered an average of 2,100 calls per day
  - During Tax Amnesty 2015, the department answered 95 percent of the more than 54,000 calls received. Navient answered 96 percent of the 132,799 calls received.
  - The final day Tax Amnesty 2015, November 16, 2015, the department received 16,843 calls and was able to answer 73 percent of the calls. During the following business days, Navient attempted to call back the 4,900 callers who were abandoned in the call queue since those taxpayers made an effort to contact the department to participate in Tax Amnesty 2015.
  - 2,146,756 outbound calls were used to make direct contact with eligible taxpayers.
- A special e-mail address was established for taxpayer e-mail questions and correspondence. The department’s Downtown Indianapolis lobby was reconfigured to allow high volumes of Tax Amnesty 2015 traffic. A larger waiting area and ten additional self-help stations were provided. Additional parking and building services were provided for taxpayers arriving at the Downtown Indianapolis location the final days of Tax Amnesty 2015.

- Extended customer service hours were available during Tax Amnesty 2015

**September 15 – November 13**

All branches – District Offices and Downtown (no walk-in service after 4:30 p.m.)

Monday: 8 a.m. – 4:30 p.m.

Tuesday: 8 a.m. – 8 p.m. (phone only from 4:30 p.m. – 8 p.m.)

Wednesday: 8 a.m. – 4:30 p.m.

Thursday: 8 a.m. – 8 p.m. (phone only from 4:30 p.m. – 8 p.m.)

Friday: 8 a.m. – 4:30 p.m.

**November 14**

Downtown Indianapolis Only

Saturday: 8 a.m. – 4:30 p.m. (phone and walk-in)

**November 16**

All branches – District Offices and Downtown

Monday: 8 a.m. – 8 p.m. (phone and walk-in)

As previously outlined, Navient provided services outside of the department's normal business hours.

## **TAX AMNESTY 2015 OUTCOMES AND RESULTS**

### **Tax Amnesty 2015 Participation**

Taxpayer interest in Tax Amnesty 2015 was evident from the start, with more than 10,000 taxpayers calling before the first day of the program. From August 31, 2015 through September 14, 2015, the department answered 1,515 taxpayer calls and Navient answered 8,460 taxpayer calls.

From September 15 through November 16, 2015:

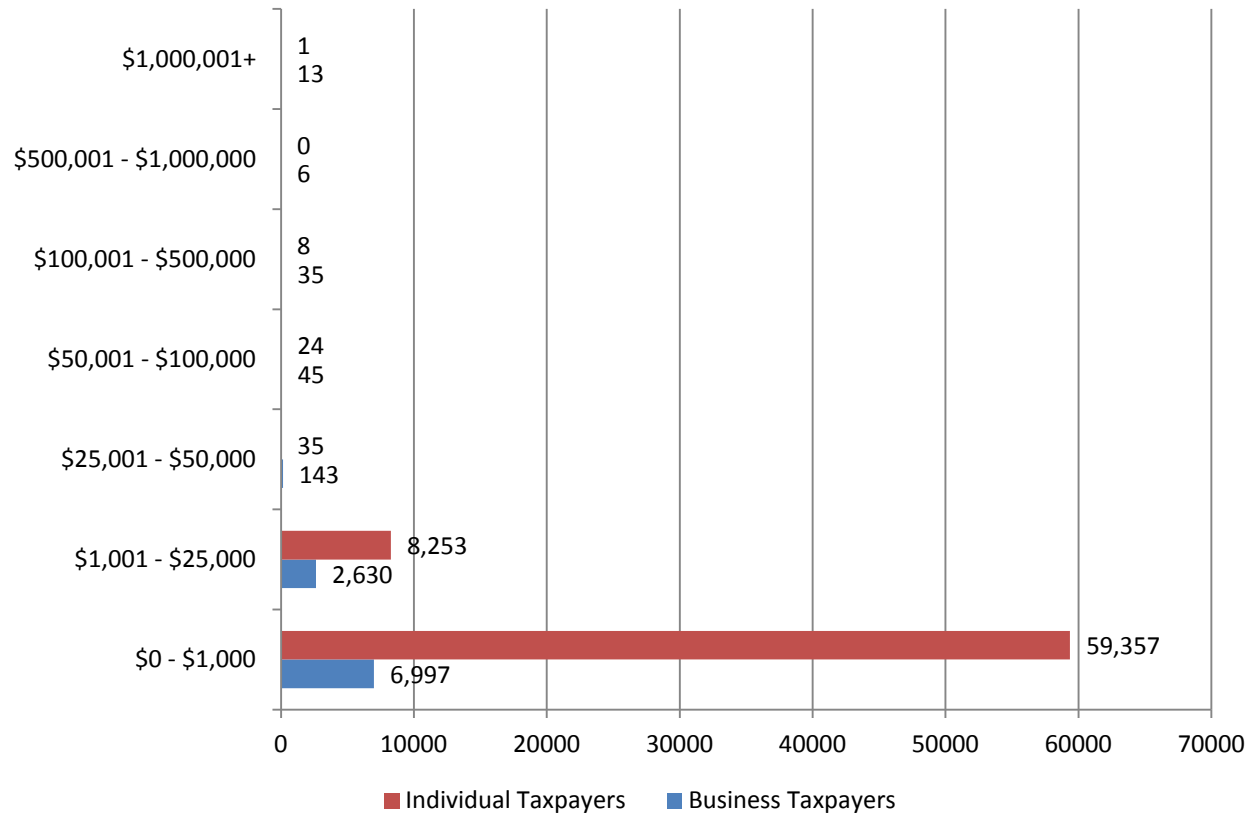
- The department's Tax Amnesty 2015 website was visited more than 81,000 times.
- The Amnesty Pay website was visited more than 45,000 times.
- More than 180,000 Tax Amnesty 2015 calls were received.
- More than 27,000 pieces of mail correspondence were received.

In addition, numerous taxpayers contacted the department via social media (Facebook and Twitter) and email.

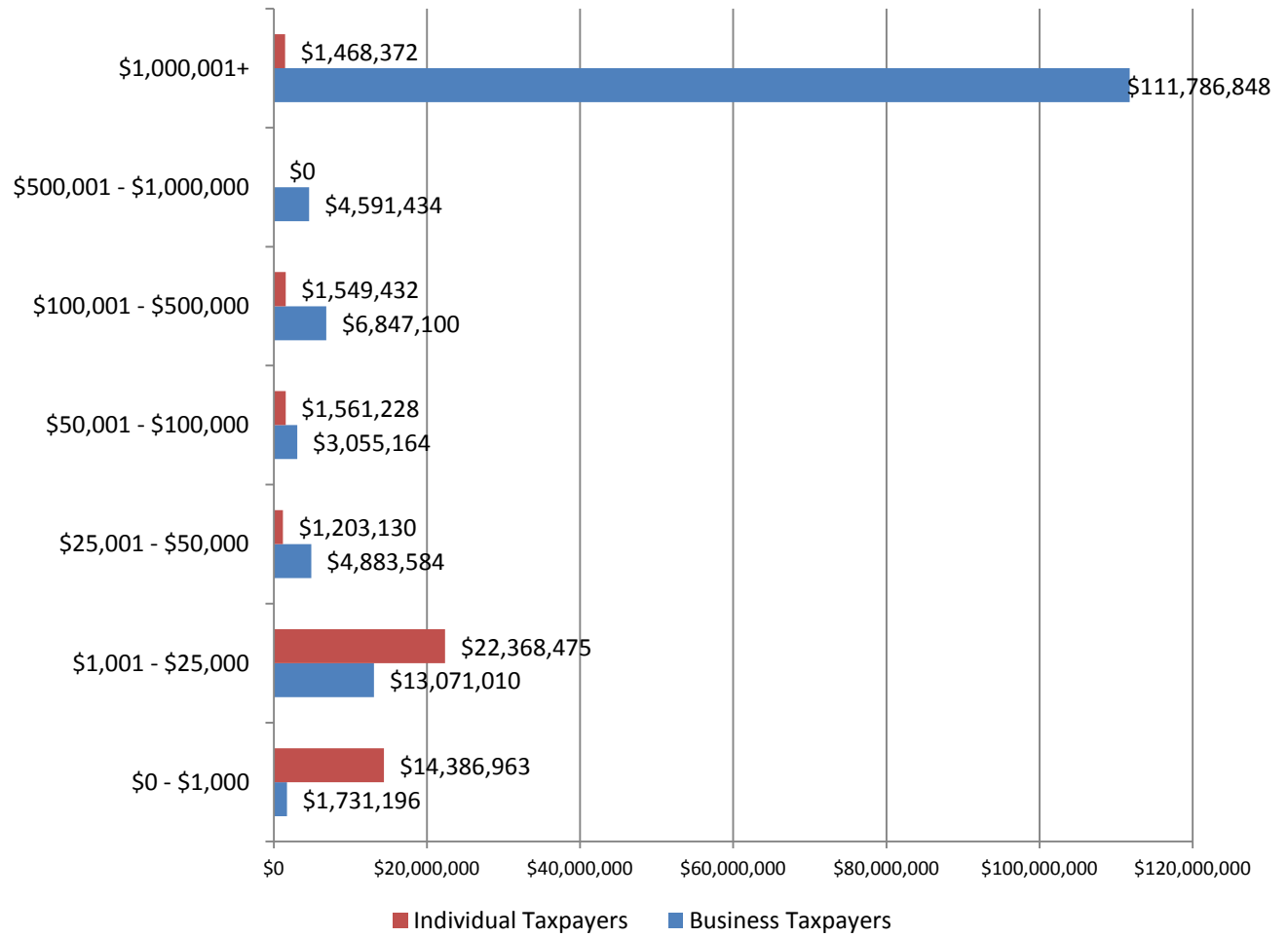
Tax Amnesty 2015 participation was consistent with most other amnesty programs. Most taxpayers waited until the final two days of the program to participate.

More than 77,000 taxpayers participated in Tax Amnesty 2015. Fourteen taxpayers paid more than \$1 million during Tax Amnesty 2015, while the majority of participants paid less than \$1,000.

## Participants by Payment Range



### Amount Collected by Payment Range

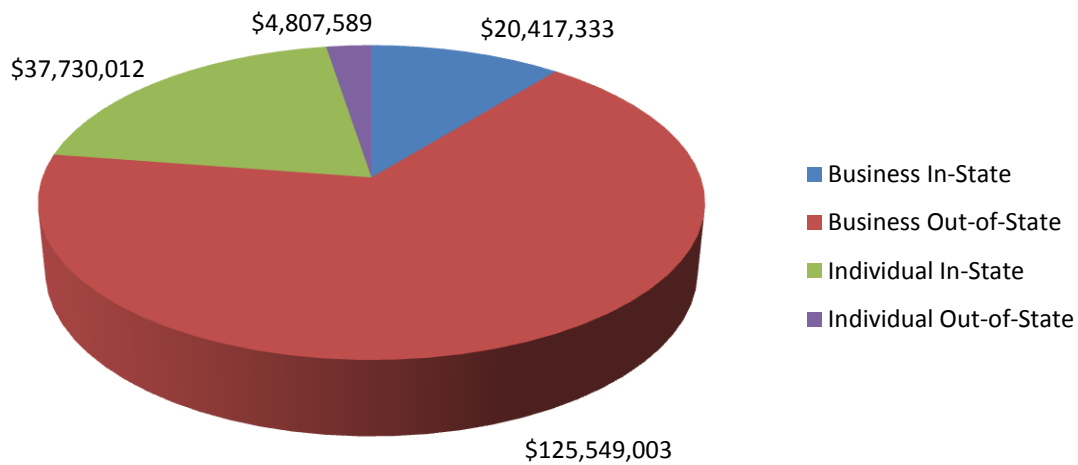


## Revenue Collected

The Tax Amnesty 2015 program collected a total of \$188,503,936.60. The breakdown is as follows:

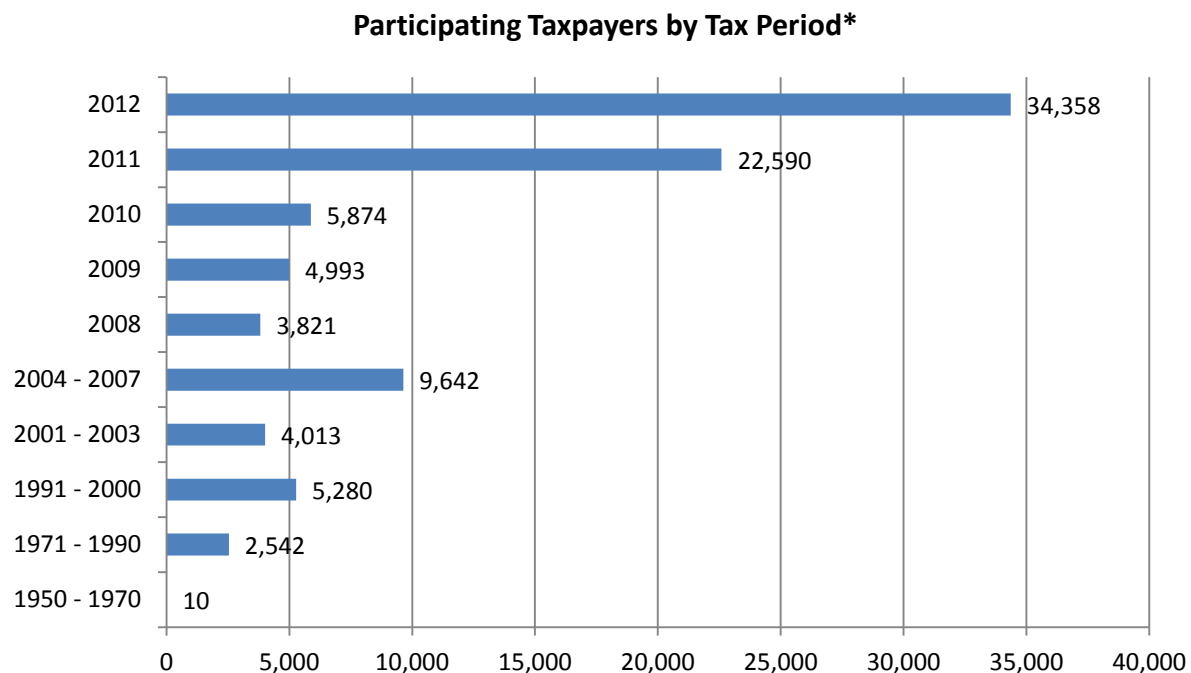
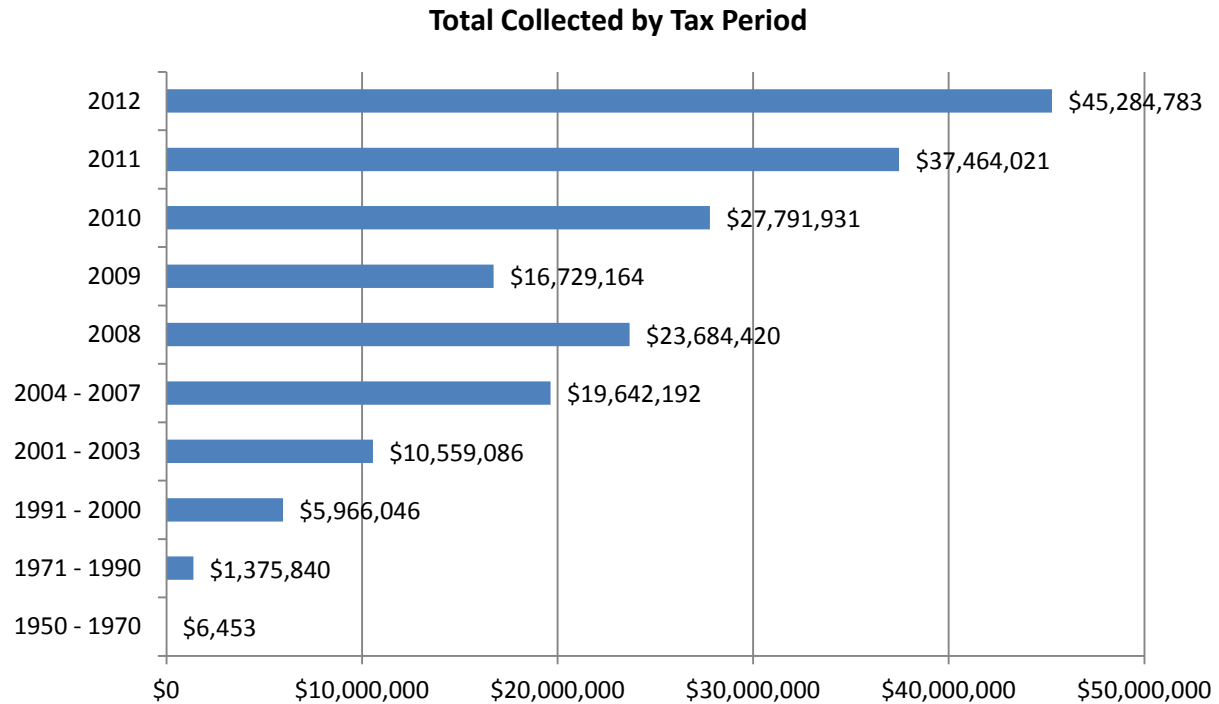
- Businesses paid \$145,966,336.20, which represents 77 percent of total collections.
- Individuals paid \$42,537,600.41, which represents 23 percent of total collections.
- 69 percent of Tax Amnesty 2015 payments were received from out-of-state taxpayers.
- 31percent of Tax Amnesty 2015 payments were received from in-state taxpayers.

### Tax Amnesty 2015 Collections



### Collections by Tax Year

During the tax periods from 1950 through 2007, \$37,549,618 was collected. The oldest liability paid during Tax Amnesty 2015 was a sales tax bill from March 31, 1967.



\*If a taxpayer made a payment for more than one tax period, a payment for each tax period is reflected.



## Collections by Tax Type

All tax types administered by the department were eligible for Tax Amnesty 2015. The tax types that yielded the highest collections were corporate income, individual income, and retail sales tax.

Collections by Tax Type			
Tax Type	Business	Individual	Total
Aeronautics Excise	\$1,001	\$363	\$1,364
Cigarette	\$28,748		\$28,748
Consumer Use		\$339,446	\$339,446
Controlled Substance Tax		\$33,296	\$33,296
Corporate Income Tax	\$120,749,086		\$120,749,086
County Innkeeper's Tax	\$2,011		\$2,011
Excise Tax, Individual		\$2,674	\$2,674
Fiduciary	\$66,817		\$66,817
Financial Institutions Tax	\$185,230		\$185,230
Fireworks Public Safety Fee	\$4,793		\$4,793
Food and Beverage	\$217,071		\$217,071
Fuel Dealers	\$18,428		\$18,428
Fuel Users Tax	\$100,000		\$100,000
Hazardous Chemical Fee	\$1,441		\$1,441
Individual Income Tax		\$40,531,529	\$40,531,529
Intangible	\$36		\$36
International Registration	\$28,212		\$28,212
Motor Carrier Surcharge Tax	\$224,381		\$224,381
Motor Carrier Tax	\$50,428		\$50,428
Motor Fuel Tax	\$2,073		\$2,073
Motor Vehicle Rental Excise	\$18		\$18
Other Tobacco Products	\$18,863		\$18,863
Out of State Use	\$77,756		\$77,756
Oversize Overweight	\$74		\$74
Petroleum Severance	\$97		\$97
Previously Untaxed Fuel	\$48		\$48
Rail Commuter or Electric	\$2,640		\$2,640
Retail Sales	\$16,310,862		\$16,310,862
Solid Waste Fee	\$2,000		\$2,000
Special Fuel Tax	\$5,611		\$5,611
Tire Fee	\$3,105		\$3,105
Transporter	\$313		\$313
Type Two Gaming	\$1,320		\$1,320
Underground Storage	\$58,845		\$58,845
Utility Receipt Tax	\$188,108		\$188,108
Wireless Pre-paid (911 fee)	\$3,564		\$3,564
Business Activity System	\$3,952		\$3,952
Gaming Excise Tax	\$246		\$246
Inheritance		\$1,630,292	\$1,630,292
Withholding	\$7,609,158		\$7,609,158
<b>Total</b>	<b>\$145,966,336</b>	<b>\$42,537,600</b>	<b>\$188,503,937</b>

## Collections by County

The amount collected from Indiana residents (individuals and businesses) during Tax Amnesty 2015 totaled \$58,147,345. The amount collected from out-of-state residents (individuals and businesses) during Tax Amnesty 2015 totaled \$130,356,592. Taxes were collected from every county in the state of Indiana. The counties that yielded the highest collections were Marion, Hamilton, and Lake counties.

In-State Collections by County			
County	Business	Individual	Total
Adams	\$82,223	\$66,656	\$148,878
Allen	\$933,224	\$1,444,965	\$2,378,189
Bartholomew	\$258,877	\$367,681	\$626,558
Benton	\$55,485	\$43,615	\$99,100
Blackford	\$47,194	\$39,667	\$86,861
Boone	\$277,851	\$351,817	\$629,668
Brown	\$34,205	\$94,981	\$129,186
Carroll	\$105,961	\$91,341	\$197,303
Cass	\$61,037	\$199,941	\$260,977
Clark	\$325,284	\$880,064	\$1,205,348
Clay	\$137,615	\$122,731	\$260,346
Clinton	\$174,293	\$142,588	\$316,880
Crawford	\$11,950	\$25,620	\$37,570
Daviess	\$79,568	\$87,488	\$167,056
De Kalb	\$185,299	\$190,388	\$375,687
Dearborn	\$93,960	\$216,156	\$310,116
Decatur	\$23,882	\$95,031	\$118,913
Delaware	\$228,300	\$401,399	\$629,699
Dubois	\$143,050	\$68,905	\$211,955
Elkhart	\$656,898	\$1,060,201	\$1,717,099
Fayette	\$79,558	\$125,180	\$204,738
Floyd	\$235,345	\$437,780	\$673,125
Fountain	\$107,002	\$55,396	\$162,398
Franklin	\$88,313	\$84,839	\$173,153
Fulton	\$15,161	\$76,264	\$91,425
Gibson	\$100,157	\$98,140	\$198,297
Grant	\$266,459	\$627,556	\$894,015
Greene	\$47,413	\$145,140	\$192,553
Hamilton	\$894,698	\$1,871,573	\$2,766,270
Hancock	\$184,021	\$634,153	\$818,174
Harrison	\$198,218	\$153,753	\$351,970
Hendricks	\$536,718	\$909,798	\$1,446,516
Henry	\$169,546	\$232,069	\$401,615
Howard	\$262,167	\$518,096	\$780,263
Huntington	\$62,425	\$135,938	\$198,362
Jackson	\$109,175	\$192,105	\$301,280
Jasper	\$97,036	\$187,484	\$284,520
Jay	\$8,209	\$80,534	\$88,744
Jefferson	\$45,643	\$77,388	\$123,031
Jennings	\$68,008	\$68,594	\$136,602
Johnson	\$335,477	\$903,499	\$1,238,976
Knox	\$134,998	\$104,009	\$239,007
Kosciusko	\$283,016	\$260,665	\$543,680
La Porte	\$371,113	\$547,357	\$918,470
Lagrange	\$77,456	\$107,794	\$185,250
Lake	\$1,384,962	\$3,066,251	\$4,451,214

Lawrence	\$540,582	\$213,926	\$754,508
Madison	\$262,911	\$731,051	\$993,962
Marion	\$3,144,415	\$8,900,340	\$12,044,754
Marshall	\$83,947	\$200,209	\$284,156
Martin	\$29,658	\$38,284	\$67,942
Miami	\$73,983	\$172,463	\$246,446
Monroe	\$469,676	\$526,641	\$996,317
Montgomery	\$114,639	\$197,428	\$312,067
Morgan	\$347,419	\$686,656	\$1,034,075
Newton	\$29,815	\$80,289	\$110,104
Noble	\$18,072	\$131,697	\$149,769
Ohio	\$82,299	\$40,587	\$122,886
Orange	\$35,565	\$69,062	\$104,627
Owen	\$48,969	\$131,994	\$180,963
Parke	\$31,497	\$105,982	\$137,480
Perry	\$17,569	\$41,669	\$59,237
Pike	\$3,674	\$43,731	\$47,405
Porter	\$567,911	\$877,163	\$1,445,074
Posey	\$61,358	\$110,187	\$171,545
Pulaski	\$11,126	\$150,575	\$161,701
Putnam	\$68,103	\$156,174	\$224,277
Randolph	\$22,155	\$109,516	\$131,670
Ripley	\$80,953	\$223,306	\$304,260
Rush	\$29,330	\$47,542	\$76,872
Scott	\$152,922	\$128,644	\$281,566
Shelby	\$70,194	\$298,194	\$368,389
Spencer	\$58,659	\$95,592	\$154,250
St Joseph	\$1,317,105	\$1,706,483	\$3,023,588
Starke	\$19,575	\$120,518	\$140,093
Steuben	\$31,042	\$231,618	\$262,661
Sullivan	\$9,755	\$61,583	\$71,338
Switzerland	\$2,602	\$50,049	\$52,652
Tippecanoe	\$661,657	\$512,601	\$1,174,258
Tipton	\$21,374	\$112,109	\$133,483
Union	\$1,434	\$40,205	\$41,639
Vanderburgh	\$791,043	\$855,712	\$1,646,755
Vermillion	\$11,255	\$38,659	\$49,914
Vigo	\$243,171	\$409,854	\$653,025
Wabash	\$48,700	\$272,341	\$321,041
Warren	\$22,907	\$64,014	\$86,921
Warrick	\$191,949	\$261,114	\$453,063
Washington	\$34,679	\$140,559	\$175,239
Wayne	\$211,505	\$348,184	\$559,690
Wells	\$46,477	\$99,747	\$146,224
White	\$38,793	\$120,049	\$158,842
Whitley	\$176,458	\$83,123	\$259,581
<b>Total</b>	<b>\$20,417,333</b>	<b>\$37,730,012</b>	<b>\$58,147,345</b>

County distributions are handled per normal process. The table below quantifies the impact of Tax Amnesty 2015 on the upcoming calendar year 2017 certified LOIT distribution. Tax Amnesty LOIT distributions resulted from new filers as well as those who amended their returns during Tax Amnesty 2015.

LOIT Distribution by County			
County	LOIT Distribution	County	LOIT Distribution
Adams	\$5,516	Lawrence	\$23,149
Allen	\$113,600	Madison	\$133,002
Bartholomew	\$36,135	Marion	\$1,247,517
Benton	\$6,987	Marshall	\$21,534
Blackford	\$5,989	Martin	\$6,650
Boone	\$20,279	Miami	\$42,318
Brown	\$17,216	Monroe	\$60,127
Carroll	\$9,990	Montgomery	\$40,694
Cass	\$15,024	Morgan	\$88,849
Clark	\$189,190	Newton	\$2,797
Clay	\$31,016	Noble	\$82,941
Clinton	\$32,599	Ohio	\$5,677
Crawford	\$4,092	Orange	\$9,185
Daviess	\$8,099	Owen	\$13,413
De Kalb	\$24,029	Parke	\$11,564
Dearborn	\$8,781	Perry	\$3,661
Decatur	\$4,826	Pike	\$917
Delaware	\$41,881	Porter	\$38,368
Dubois	\$3,294	Posey	\$16,528
Elkhart	\$105,844	Pulaski	\$25,377
Fayette	\$9,869	Putnam	\$20,620
Floyd	\$35,167	Randolph	\$11,304
Fountain	\$6,209	Ripley	\$25,336
Franklin	\$7,511	Rush	\$9,358
Fulton	\$14,316	Scott	\$9,141
Gibson	\$3,454	Shelby	\$19,769
Grant	\$105,434	Spencer	\$7,179
Greene	\$16,769	St Joseph	\$317,613
Hamilton	\$287,206	Starke	\$10,614
Hancock	\$85,168	Steuben	\$49,889
Harrison	\$14,903	Sullivan	\$1,128
Hendricks	\$131,030	Switzerland	\$4,882
Henry	\$22,466	Tippecanoe	\$70,230
Howard	\$35,136	Tipton	\$10,727
Huntington	\$21,149	Union	\$10,585
Jackson	\$25,614	Vanderburgh	\$56,197
Jasper	\$26,695	Vermillion	\$165
Jay	\$12,763	Vigo	\$49,288
Jefferson	\$1,682	Wabash	\$35,662
Jennings	\$8,066	Warren	\$5,184
Johnson	\$64,029	Warrick	\$7,614
Knox	\$9,259	Washington	\$15,759
Kosciusko	\$27,857	Wayne	\$25,425
La Porte	\$64,827	Wells	\$24,160
Lagrange	\$16,229	White	\$19,467
Lake	\$0	Whitley	\$15,022
<b>Total</b>	<b>\$4,443,781</b>		

## Collections by State

Tax Amnesty 2015 resulted in collections from every state in the United States and the District of Columbia. Other than Indiana, the three states that yielded the highest collections were New York, North Carolina and Ohio. Additional revenue was collected from the Virgin Islands and other locals.

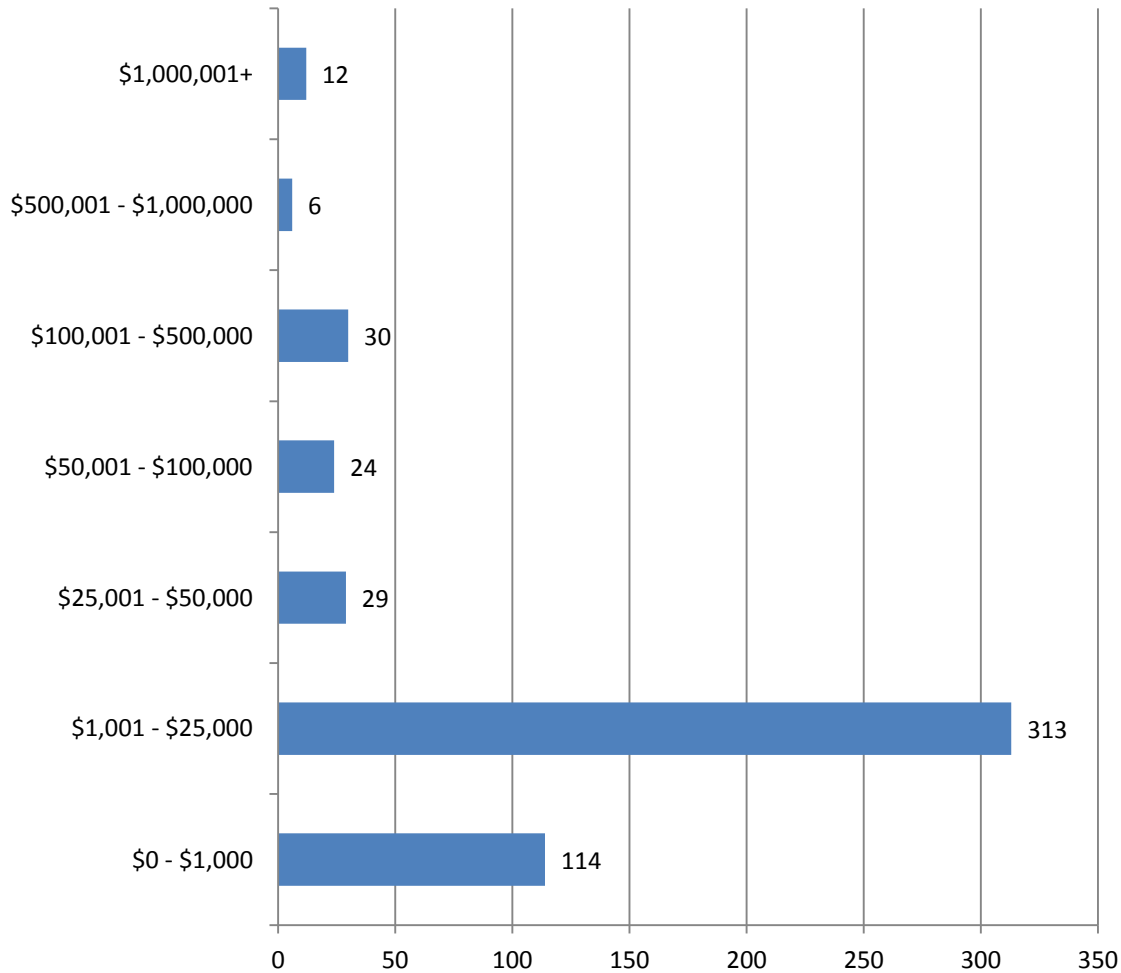
Collections by State			
State or Province	Business	Individual	Total
Alabama	\$21,524	\$43,539	\$65,063
Alaska	\$3,449	\$7,770	\$11,219
Arizona	\$33,149	\$139,245	\$172,394
Arkansas	\$6,559	\$41,914	\$48,473
California	\$1,754,897	\$190,037	\$1,944,934
Colorado	\$42,821	\$62,056	\$104,877
Connecticut	\$143,280	\$13,174	\$156,454
Delaware	\$77,365	\$6,660	\$84,024
District of Columbia	\$7,267	\$3,821	\$11,089
Florida	\$537,463	\$783,072	\$1,320,535
Georgia	\$131,631	\$138,808	\$270,439
Hawaii	\$20	\$20,218	\$20,238
Idaho	\$3,124	\$3,184	\$6,308
Illinois	\$4,342,716	\$628,222	\$4,970,937
Indiana	\$20,417,333	\$37,730,012	\$58,147,345
Iowa	\$17,668	\$35,297	\$52,964
Kansas	\$4,910	\$26,717	\$31,627
Kentucky	\$379,858	\$528,642	\$908,500
Louisiana	\$41,556	\$47,743	\$89,300
Maine	\$122,629	\$2,979	\$125,609
Maryland	\$22,329	\$20,091	\$42,420
Massachusetts	\$2,522,108	\$27,972	\$2,550,080
Michigan	\$594,609	\$294,574	\$889,183
Minnesota	\$52,530	\$73,270	\$125,800
Mississippi	\$2,168	\$29,450	\$31,618
Missouri	\$2,885,617	\$86,122	\$2,971,739
Montana	\$5,656	\$10,218	\$15,873
Nebraska	\$14,733	\$10,851	\$25,584
Nevada	\$4,021,014	\$44,199	\$4,065,214
New Hampshire	\$869	\$1,291	\$2,160
New Jersey	\$152,578	\$24,407	\$176,985
New Mexico	\$3,247	\$9,610	\$12,857
New York	\$33,490,259	\$88,421	\$33,578,680
North Carolina	\$23,684,580	\$110,401	\$23,794,980
North Dakota	\$4,725	\$3,185	\$7,910
Ohio	\$29,435,739	\$367,447	\$29,803,186
Oklahoma	\$4,460	\$21,555	\$26,015
Oregon	\$2,436	\$14,252	\$16,688
Pennsylvania	\$8,342,993	\$56,996	\$8,399,989
Rhode Island	\$427,454	\$6,003	\$433,457
South Carolina	\$14,986	\$62,968	\$77,954
South Dakota	\$2,471	\$7,525	\$9,996
Tennessee	\$80,460	\$175,405	\$255,866
Texas	\$8,196,533	\$257,686	\$8,454,219
Utah	\$23,574	\$35,554	\$59,127
Vermont	\$39	\$525	\$564
Virginia	\$785,986	\$69,401	\$855,387

Washington	\$988,921	\$56,280	\$1,045,201
West Virginia	\$11,715	\$10,818	\$22,533
Wisconsin	\$2,041,744	\$46,431	\$2,088,174
Wyoming	\$363	\$5,717	\$6,080
Virgin Islands	\$0	\$195	\$195
Other	\$60,222	\$55,670	\$115,892
<b>Total</b>	<b>\$145,966,336</b>	<b>\$42,537,600</b>	<b>\$188,503,937</b>

### Collections by Division

The Legal, Audit, Inheritance and Bankruptcy Divisions of the department provided outstanding service to taxpayers and worked around the clock to collect outstanding tax liabilities during Tax Amnesty 2015. Together these divisions collected \$105,240,524, which represents 56 percent of the total revenue for the 2015 Tax Amnesty program and more than 520 Tax Amnesty 2015 cases.

### Number of Cases Resolved



## TAX AMNESTY 2015 IMPLEMENTATION COSTS

The total cost to implement Tax Amnesty 2015 was approximately \$6.6 million, which includes the cost of the Navient contract. Below is a breakdown of the program budget and actual cost. Approximately, \$28.25 was collected for every \$1 invested to implement the Tax Amnesty 2015 program. In comparison, implementation of the 2005 amnesty program cost approximately \$15.5 million resulting in the collection of \$16 for every \$1 invested to implement the program.

Tax Amnesty 2015 Budget (shown in thousands)	
Computer Programming	\$1,101
Public Relations/Advertising	\$1,020
Printing and Mailing	\$250
Equipment	\$54
Operations	\$989
Navient Contract	\$10,000
<b>Total Budget</b>	<b>\$13,414</b>

Tax Amnesty 2015 Implementation Costs (shown in thousands)	
Computer Programming	\$1,890
Public Relations/Advertising	\$321
Printing and Mailing	\$195
Equipment	\$16
Operations	\$254
Navient Contract	\$4,000*
<b>Total Budget</b>	<b>\$6,676</b>

\*Actual Navient payments plus estimated remainder pending final invoice from Navient.

## POST TAX AMNESTY 2015 COLLECTION AND ENFORCEMENT INITIATIVES

The department is vigorously pursuing more than 850,000 tax bills, totaling more than \$1 billion in unpaid taxes, penalty and interest. This includes 600 Tax Amnesty 2015 cases that defaulted. With the resulting double penalty applied, the outstanding liability associated with these cases is more than \$10 million. Collection efforts began shortly after June 15, 2016, the date by which final Tax Amnesty 2015 payments were due from taxpayers with established payment plans. In this collection pursuit, the department has partnered with Premiere Credit of North America.

Collection, for these cases, is characterized by using all legal means of collection, including wage garnishment, seizure of property and levying bank accounts. The collection agency is making multiple contacts with taxpayers in attempts to collect prior to implementing firm legal action. To date, Premiere has collected on more than \$885,599 of outstanding tax liabilities presented for collection.

Upon program closure of Tax Amnesty 2015, the Collections, Audit, and Enforcement Divisions continue pursuit of unpaid taxes through normal department procedures.

## APPENDIX A – HOUSE ENROLLED ACT 1001

**healthy** Indiana ~~check-up~~ plan trust fund established by IC 12-15-44.2-17.

(6) Two and forty-six hundredths percent (2.46%) of the money shall be deposited in the state general fund for the purpose of paying appropriations for Medicaid—Current Obligations, for provider reimbursements.

(7) The following amount of the money shall be deposited in the state retiree health benefit trust fund established by IC 5-10-8-8.5 as follows:

(A) Before July 1, 2011, five and seventy-four hundredths percent (5.74%).

(B) After June 30, 2011, and before July 1, 2013, zero percent (0%).

(C) After June 30, 2013, four percent (4%).

The money in the cigarette tax fund, the mental health centers fund, the **healthy** Indiana ~~check-up~~ plan trust fund, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference. Money deposited under subdivisions (6) through (7) may not be used for any purpose other than the purpose stated in the subdivision.

SECTION 91. IC 6-8.1-3-17, AS AMENDED BY P.L.236-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 17. (a) Before an original tax appeal is filed with the tax court under IC 33-26, the commissioner may settle any tax liability dispute if a substantial doubt exists as to:

(1) the constitutionality of the tax under the Constitution of the State of Indiana;

(2) the right to impose the tax;

(3) the correct amount of tax due;

(4) the ~~collectability~~ **collectability** of the tax; or

(5) whether the taxpayer is a resident or nonresident of Indiana.

(b) After an original tax appeal is filed with the tax court under IC 33-26, and notwithstanding IC 4-6-2-11, the commissioner may settle a tax liability dispute with an amount in contention of twenty-five thousand dollars (\$25,000) or less. Notwithstanding IC 6-8.1-7-1(a), the terms of a settlement under this subsection are available for public inspection.

(c) The department shall establish an amnesty program for taxpayers having an unpaid tax liability for a listed tax that was due and payable for a tax period ending before ~~July 1, 2004~~ **January 1, 2013**. A taxpayer is not eligible for the amnesty program:

(1) for any tax liability resulting from the taxpayer's failure to comply with IC 6-3-1-3.5(b)(3) with regard to the tax imposed by IC 4-33-13 or **IC 4-35-8**; or

(2) if the taxpayer participated in any previous amnesty program under:

(A) this section (as in effect on December 31, 2014); or

(B) **IC 6-2.5-14**.

The time in which a voluntary payment of tax liability may be made (or the taxpayer may enter into a payment program acceptable to the department for the payment of the unpaid listed taxes in full in the manner and time established in a written payment program agreement between the department and the taxpayer) under the amnesty program is limited to the period determined by the department, not to exceed eight (8) regular business weeks ending before the earlier of the date set by the department or ~~July 1~~;

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~~2006: January 1, 2017.~~ The amnesty program must provide that, upon payment by a taxpayer to the department of all listed taxes due from the taxpayer for a tax period (or payment of the unpaid listed taxes in full in the manner and time established in a written payment program agreement between the department and the taxpayer), entry into an agreement that the taxpayer is not eligible for any other amnesty program that may be established and waives any part of interest and penalties on the same type of listed tax that is being granted amnesty in the current amnesty program, and compliance with all other amnesty conditions adopted under a rule of the department in effect on the date the voluntary payment is made, the department:

- (1) shall abate and not seek to collect any interest, penalties, collection fees, or costs that would otherwise be applicable;
- (2) shall release any liens imposed;
- (3) shall not seek civil or criminal prosecution against any individual or entity; and
- (4) shall not issue, or, if issued, shall withdraw, an assessment, a demand notice, or a warrant for payment under **IC 6-8.1-5-1**, IC 6-8.1-5-3, IC 6-8.1-8-2, or another law against any individual or entity;

for listed taxes due from the taxpayer for the tax period for which amnesty has been granted to the taxpayer. Amnesty granted under this subsection is binding on the state and its agents. However, failure to pay to the department all listed taxes due for a tax period invalidates any amnesty granted under this subsection for that tax period. The department shall conduct an assessment of the impact of the tax amnesty program on tax collections and an analysis of the costs of administering the tax amnesty program. As soon as practicable after the end of the tax amnesty period, the department shall submit a copy of the assessment and analysis to the legislative council in an electronic format under IC 5-14-6. The department shall enforce an agreement with a taxpayer that prohibits the taxpayer from receiving amnesty in another amnesty program.

(d) For purposes of subsection (c), a liability for a listed tax is due and payable if:

- (1) the department has issued:
  - (A) an assessment of the listed tax ~~and under IC 6-8.1-5-1;~~
  - ~~(B) a demand for payment under IC 6-8.1-5-3; or~~
  - ~~(B) (C)~~ (C) a demand notice for payment of the listed tax under IC 6-8.1-8-2;
- (2) the taxpayer has filed a return or an amended return in which the taxpayer has reported a liability for the listed tax; or
- (3) the taxpayer has filed a written statement of liability for the listed tax in a form that is satisfactory to the department.

SECTION 92. IC 6-8.1-3-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 24. (a) The department of state revenue may adopt emergency rules under IC 4-22-2-37.1 to carry out a tax amnesty program under section 17 of this chapter.**

**(b) Notwithstanding IC 4-22-2-37.1(g), an emergency rule adopted by the department under IC 4-22-2-37.1 expires on the date specified in the emergency rule.**

**(c) This section expires July 1, 2017.**

SECTION 93. IC 6-8.1-3-25 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 25. Notwithstanding any other law, the department shall deposit the amounts collected under a tax amnesty program carried out under section 17 of**

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this chapter after June 30, 2015, as follows:

(1) The first eighty-four million dollars (\$84,000,000) collected must be deposited into the Indiana regional cities development fund established by IC 5-28-38-2.

(2) After making the deposits required under subdivision (1), the next six million dollars (\$6,000,000) collected shall be transferred to the Indiana department of transportation to reimburse the Indiana department of transportation for money expended by the Indiana department of transportation under IC 8-23-2-18.5 for the operation of the Hoosier State Rail Line. However, the total amount transferred under this subdivision to the Indiana department of transportation may not exceed the lesser of:

(A) six million dollars (\$6,000,000); or

(B) the total amount expended by the Indiana department of transportation under IC 8-23-2-18.5 for the operation of the Hoosier State Rail Line after June 30, 2015, and before July 1, 2017.

(3) Any remaining amounts collected must be deposited into the state general fund.

SECTION 94. IC 6-8.1-10-12, AS AMENDED BY P.L.1-2009, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 12. (a) This section applies to a penalty related to a tax liability to the extent that the:

(1) tax liability is for a listed tax;

(2) tax liability was due and payable, as determined under IC 6-8.1-3-17(d), for a tax period ending before ~~July 1, 2004~~; **January 1, 2013**;

(3) department establishes an amnesty program for the tax liability under IC 6-8.1-3-17(c);

(4) individual or entity from which the tax liability is due was eligible to participate in the amnesty program described in subdivision (3); and

(5) tax liability is not paid:

(A) in conformity with a payment program acceptable to the department that provides for payment of the unpaid listed taxes in full in the manner and time established in a written payment program agreement entered into between the department and the taxpayer under IC 6-8.1-3-17(c); or

(B) if clause (A) does not apply, before the end of the amnesty period established by the department.

(b) Subject to subsection (c), if a penalty is imposed or otherwise calculated under any combination of:

(1) IC 6-8.1-1-8;

(2) section 2.1 of this chapter;

(3) section 3 of this chapter;

**(4) section 3.5 of this chapter;**

~~(5)~~ (5) section 4 of this chapter;

~~(6)~~ (6) section 5 of this chapter;

~~(7)~~ (7) section 6 of this chapter;

~~(8)~~ (8) section 7 of this chapter;

~~(9)~~ (9) section 9 of this chapter; or

~~(10)~~ (10) IC 6-6;

an additional penalty is imposed under this section. The amount of the additional penalty imposed under this section is equal to the sum of the penalties imposed or otherwise calculated under the provisions listed in subdivisions (1) through ~~(9)~~; **(10)**.

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- (c) The additional penalty provided by subsection (b) does not apply if all of the following apply:
- (1) The department imposes a penalty on a taxpayer or otherwise calculates the penalty under the provisions described in subsection (b)(1) through ~~(b)(9)~~: **(b)(10)**.
  - (2) The taxpayer against whom the penalty is imposed:
    - (A) timely files an original tax appeal in the tax court under IC 6-8.1-5-1; and
    - (B) contests the department's imposition of the penalty or the tax on which the penalty is based.
  - (3) The taxpayer meets all other jurisdictional requirements to initiate the original tax appeal.
  - (4) Either the:
    - (A) tax court enjoins collection of the penalty or the tax on which the penalty is based under IC 33-26-6-2; or
    - (B) department consents to an injunction against collection of the penalty or tax without entry of an order by the tax court.
- (d) The additional penalty provided by subsection (b) does not apply if the taxpayer:
- (1) has a legitimate hold on making the payment as a result of an audit, bankruptcy, protest, taxpayer advocate action, or another reason permitted by the department;
  - (2) had established a payment plan with the department before May 12, ~~2005~~; **2015**; or
  - (3) verifies with reasonable particularity that is satisfactory to the commissioner that the taxpayer did not ever receive notice of the outstanding tax liability.

SECTION 95. IC 7.1-4-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Sec. 1. The department shall:

- (1) deposit daily with the treasurer of state:
  - (A) ~~four~~ **three** and three-fourths cents (~~4 3/4¢~~) (**3 3/4¢**) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;
  - (B) one dollar and seventeen cents (\$1.17) of the liquor excise tax rate collected on each gallon of liquor; and
  - (C) sixteen cents (16¢) of the wine excise tax rate collected on each gallon of wine; and
- (2) not later than the fifth day of the following month, transfer the deposits under subdivision (1) into the postwar construction fund.

SECTION 96. IC 7.1-4-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Sec. 1. The department shall deposit **one and** three-fourths cents (~~3/4¢~~) (**1 3/4¢**) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage, eleven cents (11¢) of the liquor excise tax rate collected on each gallon of liquor, and four cents (4¢) of the wine excise tax rate collected on each gallon of wine, daily with the treasurer of the state, and not later than the fifth day of the following month shall cover them into the Enforcement and Administration Fund.

SECTION 97. IC 8-1-19.5-6, AS AMENDED BY P.L. 94-2010, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. As used in this chapter, "human services" means services provided by government or nonprofit organizations to ensure the health and well-being of Indiana citizens. The term includes services designed to **do any of the following**:

- (1) Provide relief or assistance after a natural or nonnatural disaster. ~~and~~
- (2) Assist parents with stress issues.
- (3) **Assist persons in efforts to reduce instances of domestic violence.**
- (4) **Assist persons in efforts to reduce the rate of infant mortality.**
- (5) **Direct persons to services providing assistance to veterans, senior citizens, and vulnerable**

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## **APPENDIX B – EMERGENCY REGULATIONS**

### **Indiana Administrative Code**

#### **TITLE 45 DEPARTMENT OF STATE REVENUE**

##### **LSA Document #15-**

##### **DIGEST**

Temporarily adds provisions to explain and implement the Tax Amnesty Program as contained in HEA 1001-2015. Statutory authority: IC 6-8.1-3-24. Effective July 27, 2015.

#### **SECTION 1. Definitions and Applicability**

- (a) The definitions in this SECTION apply throughout this document.
- (b) “Amnesty eligible liability” means an unpaid tax liability for a listed tax that was due and payable for a tax period ending before January 1, 2013.
- (c) “Amnesty period” means the period of September 15, 2015, through 8 p.m. on November 16, 2015, during which a taxpayer may take advantage of the provisions contained in IC 6-8.1-3-17.
- (d) “Department” means the Department of state revenue, as provided in IC 6-8.1-1-2.
- (e) “Due and payable” means:
  - (1) the Department has issued:
    - (A) an assessment of the listed tax under IC 6-8.1-5-1;
    - (B) a demand for payment under IC 6-8.1-5-3; or
    - (C) a demand notice for payment of the listed tax under IC 6-8.1-8-2;
  - (2) the taxpayer has filed a return or an amended return in which the taxpayer has reported a liability for the listed tax; or
  - (3) the taxpayer has filed:
    - (A) a written statement of liability in the form of an original return for the tax period; and
    - (B) an amnesty agreement with the Department for the listed tax.
- (f) “Listed tax” means a tax or fee described in IC 6-8.1-1-1 as in effect before January 1, 2013.
- (g) “Participate” means to pay in full:
  - (1) one (1) or more amnesty eligible liabilities for which the taxpayer entered into an amnesty agreement with the Department; or
  - (2) an amount established under a settlement agreement with the Department if that settlement agreement was entered into in conjunction with the current amnesty program.
- (h) “Taxpayer” means any individual, assignee, receiver, commissioner, fiduciary, trustee, executor, administrator, institution, national bank, bank, co-signee, firm, partnership, joint venture, pool, syndicate, bureau, association, cooperative association, society, club, fraternity, sorority, lodge, corporation, limited liability company, Indiana political subdivision engaged in private or proprietary activities, estate, trust, or any other group or combination acting as a unit who is liable for the payment of taxes, as provided in IC 6-8.1-1-5.5 as follows:
  - (1) For purposes of liabilities assessed against an individual officer or employee under IC 6-2.5-9-3, IC 6-3-4-8, IC 6-6-1.1-801, IC 6-6-2.5-38, or any other taxes for which an individual officer or employee is personally liable for taxes held in trust, “taxpayer” shall refer collectively to all such individuals who have been assessed as well as the entity that is responsible for collection and remittance of such taxes.

(2) For purposes of liabilities assessed under IC 6-3-4-8.1, IC 6-3-4-8.2, IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15, “taxpayer” shall also refer to the entity responsible for withholding and remitting the taxes.

(3) For purposes of IC 6-3-4-8.5, “taxpayer” shall refer collectively to the entity that incurred the initial tax liability and the transferee of property subject to tax under IC 6-3-4-8.5.

(4) If a taxpayer files a combined or consolidated tax return on behalf of multiple entities for utility receipts tax, adjusted gross income tax, or financial institutions tax, “taxpayer” shall mean the filing entity listed on the return.

(5) For any tax due pursuant to IC 6-4.1, “taxpayer” shall refer collectively to the estate, the personal representative of the estate, any trustee of any trust subject to tax under IC 6-4.1, and any individual or entity that received property subject to tax under IC 6-4.1.

(i) “Tax period” means a reporting period ending before January 1, 2013.

## SECTION 2. Establishment

The Department shall establish an amnesty program for taxpayers having an unpaid tax liability for a listed tax that was due and payable for a tax period ending before January 1, 2013.

## SECTION 3. Eligibility

(a) Except as provided in SECTION 4 of this document, a taxpayer with an amnesty eligible liability is eligible to participate in the amnesty program.

(b) Taxpayers with unpaid individual income tax liabilities are eligible to participate in the amnesty program if the liability is for the tax period. This applies to amnesty eligible liabilities for resident individuals, partial year residents, and nonresidents.

(c) Taxpayers liable for unpaid sales and withholding taxes are eligible to participate in the amnesty program if the liability is for the tax period.

(d) Taxpayers with unpaid inheritance tax, estate tax, or generation skipping transfer tax liabilities are eligible to participate in the amnesty program.

(e) Taxpayers who filed a tax return for an amnesty eligible liability, but underreported the tax liability that was actually due, may participate in the amnesty program by completing an amnesty agreement, filing an amended return for the tax period, and paying in full the base tax due.

(f) Taxpayers who have not filed a tax return, or paid taxes for an amnesty eligible liability, and who have not been assessed by the Department may participate in the amnesty program by completing an amnesty agreement, filing the original tax return for the tax period, and paying in full the base tax due.

(g) A taxpayer who properly protests an amnesty eligible liability in accordance with IC 6-8.1-5-1 is eligible to participate in the amnesty program.

(h) A taxpayer who has a Departmental hold on an amnesty eligible liability payment resulting from an audit, bankruptcy, taxpayer advocate action, criminal investigation, or criminal prosecution is eligible to participate in the amnesty program.

- (i) A taxpayer who negotiated a payment plan on or prior to May 12, 2015, with the Department, a sheriff, collection attorney, or collection agency is eligible to participate in the amnesty program if that payment plan pertains to an amnesty eligible liability.
- (j) A taxpayer who has pending litigation under IC 6-4.1 between September 15, 2015, and November 16, 2015, is eligible to participate in the amnesty program.

#### SECTION 4. Taxes and Taxpayers Ineligible for Amnesty

- (a) A taxpayer is ineligible to participate in the amnesty program if the taxpayer participated in the amnesty program conducted by the Department from September 15, 2005 through November 15, 2005, or the amnesty program for unpaid use tax on claimed race horses under IC 6-2.5-14.
- (b) A taxpayer's liability is ineligible for the amnesty program if the liability was incurred because of the taxpayer's failure to add back the riverboat wagering tax (IC 4-33-13) or the slot machine wagering tax (IC 4-35-8) to the taxpayer's federal adjusted gross income or federal taxable income. This includes the taxpayer's distributive income passed through to its partners, shareholders, or other members of a pass through entity. This exclusion includes any income tax attributable to the addback for which a pass through entity is responsible for withholding on behalf of nonresident shareholders or partners.
- (c) A taxpayer is ineligible to participate in the amnesty program if the taxpayer has pled guilty to or been convicted of tax fraud.
- (d) A taxpayer who participates in the amnesty program is not eligible to participate in any future amnesty program.
- (e) Subsection (a) does not apply to a taxpayer who entered into an amnesty agreement under Section 402 of the Streamlined Sales and Use Tax Agreement.
- (f) Payments received by the Department before September 15, 2015, for an amnesty eligible liability are not eligible for the abatement of penalties, interest, costs, or collection fees under SECTION 5 of this document.

#### SECTION 5. Effect of Amnesty

- (a) If a taxpayer participates in the amnesty program and complies with all applicable requirements, the Department:
  - (1) shall abate and not seek to collect any interest, penalties, collection fees, or costs related to tax liabilities that are paid in full pursuant to the amnesty program;
  - (2) shall, after all amnesty eligible liabilities are paid in full, release any liens imposed;
  - (3) shall not initiate civil or criminal prosecution against any individual or entity that participates in the amnesty program for nonpayment of amnesty eligible liabilities that are paid in full pursuant to the amnesty program; and
  - (4) shall not issue, or, if issued, shall withdraw an assessment, a demand notice, tax due notice, or a warrant for payment for amnesty eligible liabilities paid in full pursuant to the amnesty program.
- (b) A taxpayer who has an amnesty eligible liability related to the International Fuel Tax Agreement (IFTA) or fees related to the International Registration Plan (IRP) who participates in the amnesty program with respect to those amnesty eligible liabilities will have all penalties and Indiana interest abated. IFTA and IRP prohibit Indiana from eliminating another jurisdiction's interest that is due.

#### SECTION 6. Payment of Amnesty Eligible Liabilities

- (a) All payments for amnesty eligible liabilities shall be made to the Department.

- (b) A taxpayer may pay in full all amnesty eligible liabilities with one (1) lump-sum payment. If one (1) lump-sum payment is not made, the taxpayer may enter into an amnesty payment plan agreement.
- (c) A taxpayer who enters into an amnesty payment plan agreement shall comply with a written agreement stating the requirements of the payment plan.
- (d) An amnesty payment plan agreement entered into by the taxpayer and the Department shall require the base tax due, as established in the agreement, be paid in full and remitted to the Department by June 15, 2016.
- (e) A taxpayer may pay more than the minimum monthly payment amount required by an amnesty payment plan agreement.
- (f) Payments made that are less than the minimum monthly payment amount required by an amnesty payment plan agreement shall result in a default by the taxpayer of the amnesty agreement.
- (g) No extensions of payments beyond June 15, 2016, are permitted.
- (h) A taxpayer who fails to pay in full to the Department the base tax due for all amnesty eligible liabilities shall have the amnesty agreement voided and will be subject to all penalties, including the additional penalty provided in SECTION 8 of this document, interest, and costs related to the amnesty eligible liabilities that would have been incurred if the taxpayer had not attempted to participate in the amnesty program. However, no amount paid in attempted compliance with an amnesty agreement shall be refunded to a taxpayer.

#### SECTION 7. Form of Payment

- (a) A taxpayer desiring to participate in the amnesty program can pay in full the base tax due for all amnesty eligible liabilities by mailing to the Department the entire amount of tax due.
- (b) A taxpayer can remit the payment or payments by check, money order, or certified funds through the U.S. mail.
- (c) If a taxpayer chooses to remit electronically via the Internet or telephone, he or she can pay with a credit card, debit card, or by eCheck.
- (d) The date of the payment shall be determined in accordance with IC 6-8.1-6-3.

#### SECTION 8. Penalties

A taxpayer who fails to participate in the amnesty program, or does not pay in full the base tax owed for all amnesty eligible liabilities, shall be assessed an additional penalty equal to the sum of any penalties originally assessed. This additional penalty shall apply to the following penalties:

- (1) The penalty originally assessed is equal to ten percent (10%) of:
  - (A) the full amount of tax due if the taxpayer fails to file a return;
  - (B) the amount of tax not paid if the taxpayer fails to pay the full amount of tax shown on the taxpayer's return;
  - (C) the amount of tax held in trust that is not timely remitted;
  - (D) the amount of deficiency as finally determined by the Department; or
  - (E) the amount of tax due if the taxpayer fails to remit a payment by electronic funds transfer.
- (2) The penalty originally assessed is equal to twenty percent (20%) if the taxpayer fails to withhold tax for nonresidents that are shareholders in an S corporation, partners in a partnership, or beneficiaries in a trust.
- (3) The penalty originally assessed for filing an individual income tax return required by law where no remittance is due with the return is ten dollars (\$10) per day that the return is past due up to a maximum of five hundred dollars (\$500).



- (4) The penalty originally assessed on a return, other than an individual return, filed after the due date that shows no tax liability for a taxable year is ten dollars (\$10) per day for each day that the return is past due up to a maximum of two hundred fifty dollars (\$250).
- (5) The penalty originally assessed on a return prepared by the Department based on best information available is twenty percent (20%) of the unpaid tax.
- (6) The penalty originally assessed for failure to file a return or failure to make full payment with the fraudulent intent of evading the tax is one hundred percent (100%).
- (7) The penalty that is originally assessed for a check, credit card, debit card, or electronic funds transfer, for which the Department is unable to obtain payment, in an amount equivalent to its full face amount when presented for payment through normal banking channels, is:
  - (A) one hundred percent (100%) of the value of the check, credit card, debit card, or electronic funds transfer, if the taxpayer fails to make the payment by cash, certified check, or other guaranteed payment within ten (10) days of being notified by the Department that the payment has been dishonored, if the dishonored payment was made before January 1, 2014; or
  - (B) thirty percent (30%) of the value of the check, credit card, debit card, or electronic funds transfer, if the taxpayer fails to make the payment by cash, certified check, or other guaranteed payment within ten (10) days of being notified by the Department that the payment has been dishonored, if the dishonored payment was made on or after January 1, 2014.
- (8) The penalty originally assessed for failure to file an information return is ten dollars (\$10) for each failure to file a timely return up to a maximum of twenty-five thousand dollars (\$25,000). The term information return does not include form IT-20FIT, IT-20S, IT20SC, IT-41, or IT-65.
- (9) The penalty originally assessed on a corporate officer for violations concerning the dissolution of a corporation is thirty percent (30%) of the unpaid tax for failure to take reasonable steps to set aside corporate assets to meet the liability due the Department.
- (10) The penalty originally assessed for selling gasoline in Indiana with the intent to avoid payment of the gasoline tax is fifty percent (50%) of the tax that has not been paid to the Department.
- (11) The penalty originally assessed for failure to remit the special fuel tax is one hundred percent (100%) of the uncollected tax.
- (12) Any other penalties prescribed under IC 6-6 and related to a listed tax.

## SECTION 9. Certain Penalties Not Subject to Doubling

- (a) The provision for doubling penalties contained in SECTION 8 of this document does not apply if all of the following conditions are present:
  - (1) The Department imposes a penalty on a taxpayer or otherwise calculates the penalty under the provisions described in SECTION 8 of this document.
  - (2) The taxpayer against whom the penalty is imposed:
    - (A) timely files an original tax appeal in the tax court; and
    - (B) contests the Department's imposition of the penalty or the tax on which the penalty is based.
  - (3) The taxpayer meets all other jurisdictional requirements to initiate the original tax appeal.
  - (4) The tax court enjoins collection of the penalty or the tax on which the penalty is based, or the Department consents to an injunction against collection of the penalty or tax without entry of an order by the tax court.
- (b) The provision for doubling the penalty as contained in SECTION 8 of this document does not apply if any of the following circumstances apply:
  - (1) The taxpayer has a legitimate hold on making the payment as a result of an audit, bankruptcy, protest, taxpayer advocate action, criminal investigation, or prosecution.



- (2) The taxpayer had established a payment plan with the Department by May 12, 2015.
- (3) The taxpayer proves that the taxpayer did not ever receive notice of the outstanding tax liability, as set forth in SECTION 10(d) of this document.
- (c) Any tax liability not eligible for the amnesty program will not be subject to the additional penalty provided in SECTION 8 of this document.
- (d) The Department shall not apply the penalty if the tax court enjoins collection or if the Department consents to an injunction.
- (e) The penalty under IC 6-4.1 is not subject to doubling under SECTION 8 of this document.

#### SECTION 10. Notice of Eligibility

- (a) All known taxpayers eligible to participate in the amnesty program that an amnesty eligible liability will be notified by first class mail by September 15, 2015, at the last known address of the taxpayer, that they are eligible to participate in the amnesty program.
- (b) The taxpayer will be notified of all known amnesty eligible liabilities.
- (c) The notification will include the amount of payment required to participate in the amnesty program and the amount of tax, penalty, interest, fees, and costs that will be due if the taxpayer does not take advantage of the amnesty program.
- (d) A taxpayer who claims they never received the notice must prove:
  - (1) the taxpayer never resided or never operated a business at the address to which the notification of the amnesty program was mailed;
  - (2) the taxpayer never used as a mailing address for tax purposes the address to which the notification of the amnesty program was mailed; or
  - (3) the taxpayer previously provided the Department with an updated or corrected current address.

#### SECTION 11. Agreement to Terms of Amnesty

- (a) A taxpayer who participates in the amnesty program must agree to all provisions contained in SECTIONS 6 through 8 of this document. The taxpayer acknowledges all terms of the amnesty agreement when they sign the coupon that is to be sent to the Department when the taxpayer pays the liability.
- (b) A taxpayer who remits and agrees to amnesty through the Department's amnesty web site by clicking on the "I accept the terms of the agreement" checkbox is consenting to all terms contained in the amnesty agreement.
- (c) A taxpayer agreement is completed when the taxpayer:
  - (1) signs the amnesty agreement and returns the amnesty payment coupon to the Department;
  - (2) files amended returns to report a previous tax deficiency; or
  - (3) files an initial return, if the taxpayer failed to file and remit for the tax period, and remits the required payment.
- (d) A taxpayer may appoint a personal representative to sign the amnesty agreement. However, the taxpayer shall complete a power of attorney (Form POA-1) giving the representative authorization to sign on behalf of the taxpayer.
- (e) To participate successfully in the amnesty program, the taxpayer must:
  - (1) pay in full all amnesty eligible liabilities;
  - (2) relinquish all rights to protest, appeal, or litigate a tax liability that is being paid;
  - (3) agree not to file a claim for refund of any tax paid under the amnesty program; and
  - (4) comply with subsection (a).

(f) Notwithstanding subsection (e), a taxpayer may participate successfully in the amnesty program if the taxpayer pays in full an amount established under a settlement agreement with the Department if that settlement agreement was entered into in conjunction with the current amnesty program.

#### SECTION 12. Application of Amnesty Payments

(a) A taxpayer who has multiple amnesty eligible liabilities shall have any payment applied to the oldest tax liability for which the taxpayer's payment can satisfy the tax liability in full.

(b) The oldest liability shall be determined by the date of the tax period.

(c) The allocation of a payment to the oldest tax liability first may be altered if the taxpayer specifically indicates the allocation of a payment to another liability.

#### SECTION 13. Overpayments

If the Department determines:

(1) an overpayment has been made by a taxpayer during the amnesty period for an amnesty eligible liability; and

(2) the overpayment was due to a computational error;

that overpayment may be refunded to the taxpayer. If the overpayment is not refunded, it shall be credited to the taxpayer.

#### SECTION 14. Assessments Based on Best Information Available (BIAs)

(a) A taxpayer who receives an assessment based on best information available (BIA) that is issued for a tax period that qualifies for amnesty is allowed to pay the amount of the base tax assessed.

(b) If the taxpayer remits an amount that is different than the base tax amount assessed, the taxpayer must file a tax return for the tax period attesting that the amount remitted was the correct tax liability due.

(c) A taxpayer who files a return reporting a zero dollar (\$ 0) tax liability as the result of a BIA assessment shall attach a verification that no tax liability exists.

(d) Verification of no tax liability can be proven by attaching evidence that no tax liability exists.

Examples of documents the Department will consider acceptable include the following:

(1) Minutes of the final board of directors meeting.

(2) Records of bank accounts closed.

(3) Articles of dissolution.

(4) Notarized statement of dissolution from an officer of the business.

(5) Final utility bills.

(6) Any proof of dissolution filed with the Internal Revenue Service.

(7) Books and records or any other pertinent information.

(e) Reported tax liabilities are subject to review by the Department.

#### SECTION 15. Existing Payment Plans

(a) A taxpayer who established a payment plan with the Department on or before May 12, 2015, for an amnesty eligible liability is eligible to participate in the amnesty program.

(b) A taxpayer who has established a payment plan with a sheriff, collection attorney, or collection agency will be eligible for the tax amnesty program.

- (c) The taxpayer may pay the remaining balance of the payment plan in full during the amnesty program.
- (d) The taxpayer, upon approval of the Department, may establish an amnesty payment plan and shall conform to the requirements of SECTION 11 of this document.
- (e) If a taxpayer that established a payment plan with the Department on or before May 12, 2015, is not able to pay the remaining balance during the amnesty period, or will not be able to pay the remaining balance through an amnesty payment plan, the taxpayer may elect not to participate in the amnesty program without being subject to the double penalty assessment.
- (f) If a taxpayer who has established a payment plan with a sheriff, collection attorney, or collection agency does not pay the balance of tax due, or does not establish a payment plan within the amnesty program, the taxpayer is subject to the double penalty after the amnesty period ends.
- (g) No amount paid in attempted compliance with an amnesty agreement shall be refunded to a taxpayer.

#### SECTION 16. Payments in Anticipation of Audit

- (a) A payment by a taxpayer made in anticipation of an audit assessment for a listed tax is not considered an amnesty payment unless the taxpayer is filing an amended return admitting to previous under reporting of a tax liability for the tax period.
- (b) A taxpayer who makes a payment as part of an amended return pursuant to the amnesty program cannot file a claim for refund if an audit determines that the taxpayer overpaid the tax liability for the reporting period.

#### SECTION 17. Expungement of Tax Warrants

- (a) A taxpayer who fully complies with the terms of an amnesty agreement is eligible to have his or her tax warrant or warrants expunged, in the sole discretion of the Department. However, the Department will not expunge a warrant if the Department finds that the warrant was issued based on the taxpayer's fraudulent, intentional, or reckless conduct.
- (b) To have a warrant expunged, a taxpayer must submit to the Department a properly completed amnesty expungement request form. Request forms should not be submitted until all amnesty eligible liabilities have been paid in full. Request forms submitted to the Department before a taxpayer's amnesty eligible liabilities have been paid in full will receive no consideration, and no expungement will take place. Taxpayers must submit the amnesty expungement request form by September 16, 2016. The Department shall have one hundred eighty (180) days to review and approve or deny an amnesty expungement request form.
- (c) In addition to submitting an amnesty expungement request form, to be eligible to have a tax warrant expunged, the taxpayer making the request:
  - (1) must be current on all subsequent tax filings; and
  - (2) may not have any outstanding tax liabilities.

#### SECTION 18. Expiration

This document expires June 15, 2016.