



INDIANA DEPARTMENT OF REVENUE

ANNUAL REPORT

2012



LETTER FROM THE COMMISSIONER

Oct. 1, 2012

The Honorable Mitchell E. Daniels, Jr.
Governor, State of Indiana
State House, Room 206
Indianapolis, Indiana 46204-2797

Dear Governor Daniels:

The following document represents the Indiana Department of Revenue's annual report, covering Fiscal Year 2012 (July 1, 2011 – June 30, 2012), as required by Indiana law (IC 6-8.1-14).

FY 2012 presented the department with a number of opportunities to improve and increase services and outcomes for the State of Indiana. Here are some of our key accomplishments.

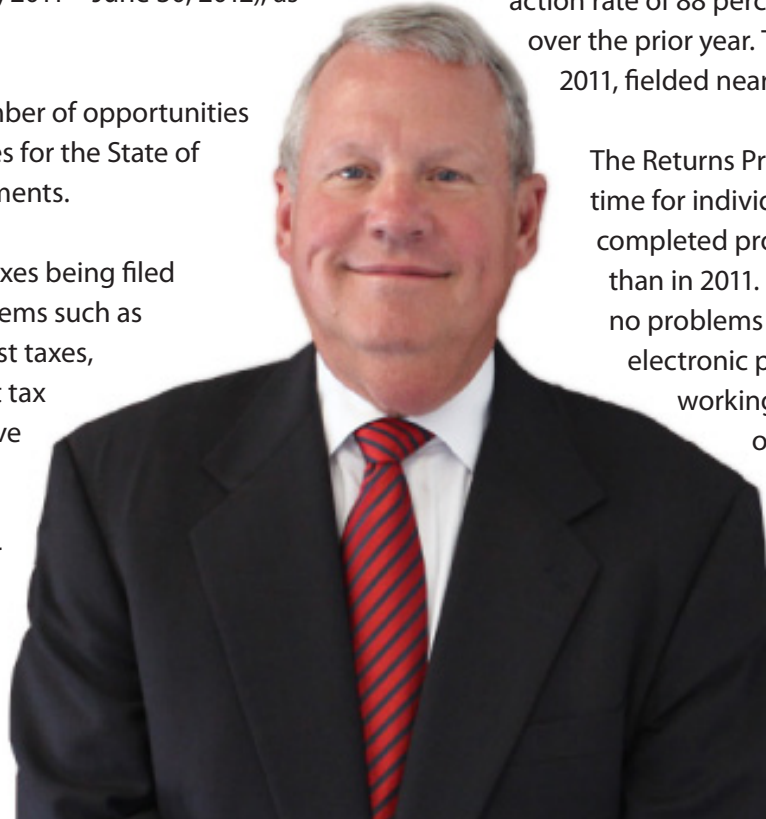
We continued to increase the percentage of taxes being filed electronically. Using electronic and online systems such as INfreefile for individuals, INTax for business trust taxes, along with extensive efforts with independent tax software vendors and tax practitioners, we have significantly increased electronic filing. For example, nearly 75 percent of our individual income tax returns were filed electronically for 2011. This continues to contribute to improved efficiency and significant cost savings.

Trust tax collections increased to \$4.56 billion in 2012 compared to \$3.6 billion in

FY 2011. Use of INTax, our online system for trust taxes, significantly increased over the prior year with more than 150,000 businesses participating compared to 125,000 in 2011. Our effort to register Indiana businesses for electronic filing of trust taxes was increased during the year in anticipation of the January 1, 2013 e-filing mandate approved by the Indiana General Assembly.

Customer service remained an emphasis in 2012. Drawing upon a variable staffing model, we expanded staffing to peak periods of customer demand, enabling an increase in customer service agent availability while controlling our overall staffing costs. As a result, the department achieved a call center action rate of 88 percent, an improvement of 3 percentage points over the prior year. The Customer Interaction Center, launched in 2011, fielded nearly 534,700 customer calls in FY 2012.

The Returns Processing Center significantly reduced processing time for individual tax returns and refunds in 2012. The center completed processing individual returns five weeks sooner than in 2011. For taxpayers who filed electronically, who had no problems with their return, and who requested an electronic payment, their refunds were delivered in five working days. Transitioning to INfreefile for individual online tax filings while retiring Indiana's own individual online filing system, I-File, saved more than \$200,000 in programming costs and allowed qualified Indiana taxpayers to file both federal and state taxes online for the first time – for free. More than 118,000 taxpayers used the new system in 2012.



LETTER FROM THE COMMISSIONER

In December 2011 the department discovered a programming error related to the processing of corporate e-checks. This error resulted in a total of \$288 million of prior-year collections accumulating over a six-year period and not being properly distributed to the General Fund. These funds were properly collected and were held in an interest-bearing account during this time. Upon discovery, the department reported the issue and promptly transferred the funds to the General Fund.

A second processing error was discovered in April 2012 in the distribution calculation of Local Option Income Taxes to counties. This error of \$206 million was discovered by the Office of Management and Budget and immediately researched, corrected, and validated, and a proper redistribution of funds was made to counties. Both errors have since been thoroughly researched, the necessary programming corrected, and systems exhaustively tested to ensure accuracy in future collections and reports. Furthermore, the department is working closely with the international accounting firm of Deloitte & Touche to support their audit of the department's functions and processes. We continue to work vigorously to examine our processes, make corrections where necessary, and implement new procedures to preclude such issues in the future.

Additionally, significant changes have occurred in the department's leadership. I assumed responsibility as commissioner in May 2012. The department also has appointed a new chief financial officer, new chief information officer, new director of tax policy, new director of collections, and new taxpayer advocate during the past year. This represents a nearly 50 percent turnover in the department's senior leadership. Further, we have significantly strengthened our finance division with the addition of two outstanding deputy controllers.

The department continues to make gains in operating efficiencies and improved customer service and responsiveness. We are working diligently and proactively with Deloitte & Touche, the State Board of Accounts, the Auditor of State, the Office of Management and Budget, and other agencies to improve processes and procedures and to firmly address overall risk management.

The activities outlined in this report are a reflection of our continued commitment to the *Quality That Counts* culture of the Department and a renewed focus on reliable and useful financial reporting to better serve the State of Indiana and our taxpayers.

Sincerely,

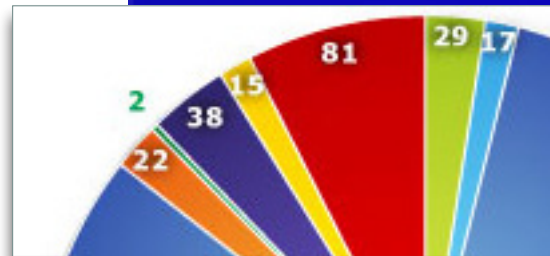
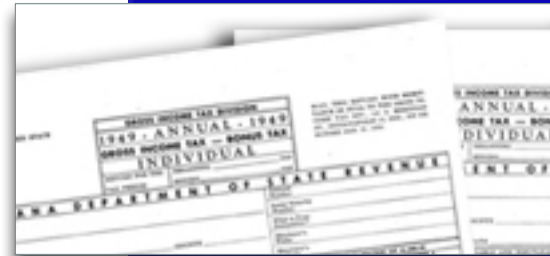


Michael J. Alley
Commissioner
Indiana Department of Revenue



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TIMELINE

1933-PRESENT



Original state treasury building, Corydon (top); current home of the department (bottom)



The 2012 annual report theme focuses on the department's achievements and pivotal milestones, especially during the past eight years. To help highlight these milestones and successes, this report features an historical timeline covering major department achievements beginning in 1933 when the department was created all the way through FY 2012. And throughout all the years, one goal has remained the same: to best serve the Indiana taxpayer.

1933 – The Department of Revenue's Creation

On Feb. 27, 1933, gross income tax is enacted on all Indiana taxpayers for the first time. Gross income tax causes much controversy and political debate.

A new division titled the Gross Income Tax Division is created under the state treasurer's office to manage these tax responsibilities and is overseen by a man named C.A. Jackson. This division eventually became the Department of Revenue in 1947.

Three men were crucial to developing the Gross Income Tax Division: Frank Finney, commissioner of the Bureau of Motor Vehicles, E.P. Brennan, the director of budget, and W.P. Crossgrove, the state examiner of the division of accounting and statistics.

Brenan created a sophisticated accounting system and internal machinery that processed taxes to fit the state laws and regulations. At the time, the division handled about 500,000 taxpayers.

Crossgrove arranged to station state board accountants in 150 Indiana auto license branches in the larger cities and towns during tax paying periods. This supported taxpayers who were filing for the first time. Similarly, Commissioner Finney created a permanent arrangement for BMV stations to handle distribution of gross income tax forms and tax information.

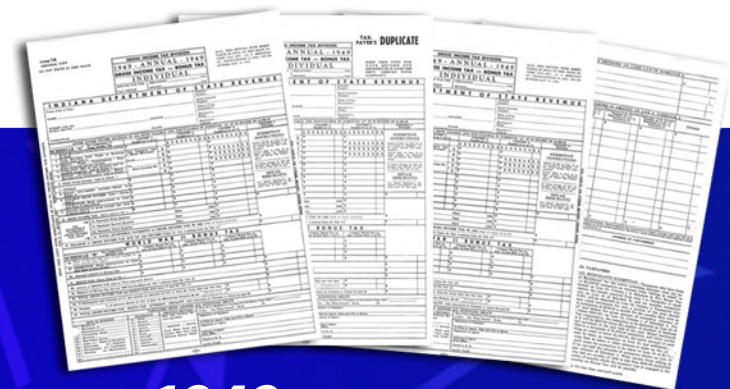
By 1937, gross income tax was considered largely responsible for the state's \$24 million surplus.

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



1947 – The Indiana Department of Revenue is created by an Act of the Indiana General Assembly on February 18.

1949 – The IT 40 form includes a WWII bonus tax and checkboxes for your profession listing only 24 options.

Quality That Counts

The Indiana Department of Revenue remains committed to its pledge to provide *Quality That Counts*, which is defined as highly efficient and effective operation and decisions. This is the framework within which the department carries out its efforts to achieve its vision, live its mission, operate within its value set, and remain focused on a group of integrated strategies. The department has accomplished this through teamwork and customer service training. The department's efforts are guided by the following key components.

Our MISSION:

Administer tax laws and collect tax revenues in a fair, consistent and efficient manner for Indiana taxpayers and provide accurate, timely, and reliable funding and information to state and local constituents.

Our VISION:

Using best practices, the Indiana Department of Revenue will 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.



1963 – A big year overall. Legislation switches taxes based on gross income to adjusted gross income for individuals and sales tax is enacted at 2 percent.

1963

First District Offices

Between 1963 and 1964, the first Department of Revenue district offices were established. The original offices were initially located in Bloomington, East Chicago, Evansville, Fort Wayne, Greensburg, Huntingburg, Indianapolis, Jeffersonville, Lafayette, Marion, Michigan City, New Castle, Peru, Seymour, South Bend, Terre Haute, and Vincennes.

District offices were originally staffed by sales tax investigators, the present-day equivalent of field reps, field examiners, and auditors. In 1964, district office phone numbers were listed in income tax booklets for the first time.

Our VALUES:

- Pride – Presenting the best of ourselves and our work
- Respect – Treating each other, taxpayers, and vendors with respect
- Highest standards – Setting the bar in customer service and ethical behavior
- Trust – Doing what we say we will do, and doing it right
- Teamwork – Working in alignment with pride, respect, and trust to achieve the highest standards

Our STRATEGIES:

- Customer focused – Considering how our actions and decisions affect the taxpayers and the State of Indiana
- Efficient – Ensuring we work smart and at the least cost to taxpayers
- Effective – Striving to offer the best service and the most beneficial results possible – consistently
- Right people in the right jobs – Ensuring department employees are people who have the best skills and talents for the job



Indianapolis Tax Analysts

1964 – Marks the first year district offices are listed on a tax booklet.

1970-71 – Around this time, the use of mail chutes to send messages to the post office ends.

ACCOMPLISHMENTS, INITIATIVES, AND IMPROVEMENTS

The Department of Revenue continues to strive for improvements across the board in its operations. From training to customer service to electronic filing to revenue collection, the department has continually sought out new and better ways to provide *Quality That Counts* in all it does. Below is a snapshot of some of the key department accomplishments from FY 2012:

Collections – The department continued to make strides in collecting delinquent taxes, particularly trust taxes. A systematic combination of collection practice changes, a commitment to optimal collection staffing levels, modification to the technology used to process data, and new legislative tools have contributed to more effective and efficient means of collecting on delinquent tax debts.

Between fiscal years 2005 and 2012, trust tax collections have increased by 66 percent. In FY 2005, the department collected more than \$90 million in delinquent trust taxes. In FY 2012, the department collected more than \$149 million in delinquent trust taxes.

Super Bowl XLVI – In addition to providing assistance to retail merchants, the department’s motor carrier division registered limos and all other for-hire vehicles that required a special event permit. The department issued a total of 3,034 permits to 181 companies.

Indiana freefile – Beginning in January 2012, Indiana now offers no-cost, online tax filing services to those who qualify through the new INfreefile program. INfreefile, which replaced I-File, brings free, professional tax services from six major online tax preparers to many Indiana taxpayers from centralized Department of Revenue and IRS websites. For the first time Indiana taxpayers who qualify (and nearly one million can qualify) are able to file both federal and state taxes using sophisticated online tax filing services. I-File was limited to state-only tax filing.

The program is an IRS initiative launched in 2003 with a group of online tax application vendors. This year Indiana participated for the first time. More than 118,000 taxpayers took advantage of this free online program, including about 47,000 previous I-File. In addition, 86 percent of those who used the program were satisfied and 95 percent would recommend the program to others.

Transition to INfreefile provides distinct advantages to Indiana taxpayers and saves approximately \$200,000 in annual update expenses for the former state-only system.

Tax Season Success – The department’s imaging software has decreased the cost of processing a return as well as the amount of time it takes to process it. In 2008, the cost of processing one return was about \$2, but in 2012, that has dropped to \$0.78. In addition, this year the Return Processing Center finished processing the individual returns five weeks earlier than in 2008 and



1973 – County income tax is enacted for the first time.

1988 – *The Today Show* (starring Tom Brokaw and Indiana native Jane Pauley) broadcasts outside of the department.

finished the corporate tax returns more than five months earlier than in 2008. In general, due to the increased efficiency in FY 2012, if an individual taxpayer filed electronically and on time, had no issues with his return, and direct deposited his refund, the taxpayer received the refund in about five days.

INtax – Increased taxpayer activity and the addition of new features to INtax have driven business payments up to \$4.5 billion in FY 2012 versus \$3.6 billion in FY 2011. More than 150,000 businesses used INtax in FY 2012, which is an increase of 20 percent over FY 2011. Businesses can manage Indiana sales and withholding taxes, prepaid sales, metered pump sales, tire fees, and fuel taxes through this online application. INtax also provides businesses with 24/7 access to business tax records, allows a business to file and pay online right up to the last deadline minute, and saves businesses the cost and work of mailing returns each month. In addition to business taxpayers using this free online program, tax practitioners also use the many INtax features to better serve Indiana businesses.

Customer Service – In FY 2012, the department continued to emphasize staffing during high-volume call times each working day, enabling taxpayers to reach an agent 88 percent of the time versus 85 percent in FY 2011. In addition, the department's customer contact division assisted the following numbers of taxpayers in FY 2012:

- Telephone Calls: 534,680
- Emails: 20,831
- Walk-Ins: 18,748
- Correspondence: 28,560

Legal – 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 2012, the legal division resolved 761 taxpayer protests, after having conducted an informal administrative hearing and issuing a written opinion addressing the legal and factual issues in dispute in each protest. In addition, the legal division provides assistance and logistical support to the Attorney General's Tax Section on those issues that have proceeded to the Indiana Tax Court. In FY 2012, the legal division collaborated with the Attorney General's tax section in ongoing litigation of 124 tax court cases in which the Department of Revenue was a named party, up 9.7 percent from FY 2011. The legal division also represents the department's interest in bankruptcy cases and provides regular legal assistance to the department's other divisions.



1993 – The ability to electronically file a tax return through e file is accepted from third parties.

1996 – The department installs the first desktop computers, but only for some employees.

Taxpayer Advocate – The department’s tax advocacy office provides an avenue for the successful resolution of taxpayer problems that have not been resolved through normal channels. The advocacy office researches and resolves all hardships, offers-in-compromise, and taxpayer complaints. The number of inquiries to the advocate’s office for assistance and resolution decreased 16 percent in FY 2012, which is a reflection of the department’s customer service initiative to provide accurate service in a prompt and efficient manner.

Customer Interaction Center – The department continued the development and improvement of our Customer Interaction Center (CIC) telephone system. In FY 2012, the department introduced many new features and improvements such as adding our 11 district offices to the existing CIC telephone system. Adding these offices has allowed the department to integrate self-service functionality, determine the agent most capable of assisting the caller, and send that call to that agent regardless of geographical location. Once a specific group within the department reached a determined number of calls holding or an extended wait time, the CIC telephone system was configured to automatically alert agents from other areas in the department and allowed them to assist with those calls. In fact, taxpayers reached an agent 88 percent of the time versus 85 percent in FY 2011.

Another feature developed for the CIC telephone system was the ability to collect specific taxpayer information at certain points when the caller is making his selections before connecting to an agent. This information is then transmitted to the agent’s computer screen when the call is connected. This has resulted in an increase in productivity because the phone agent is able to more quickly assess the need of the taxpayer and resolve the issue.

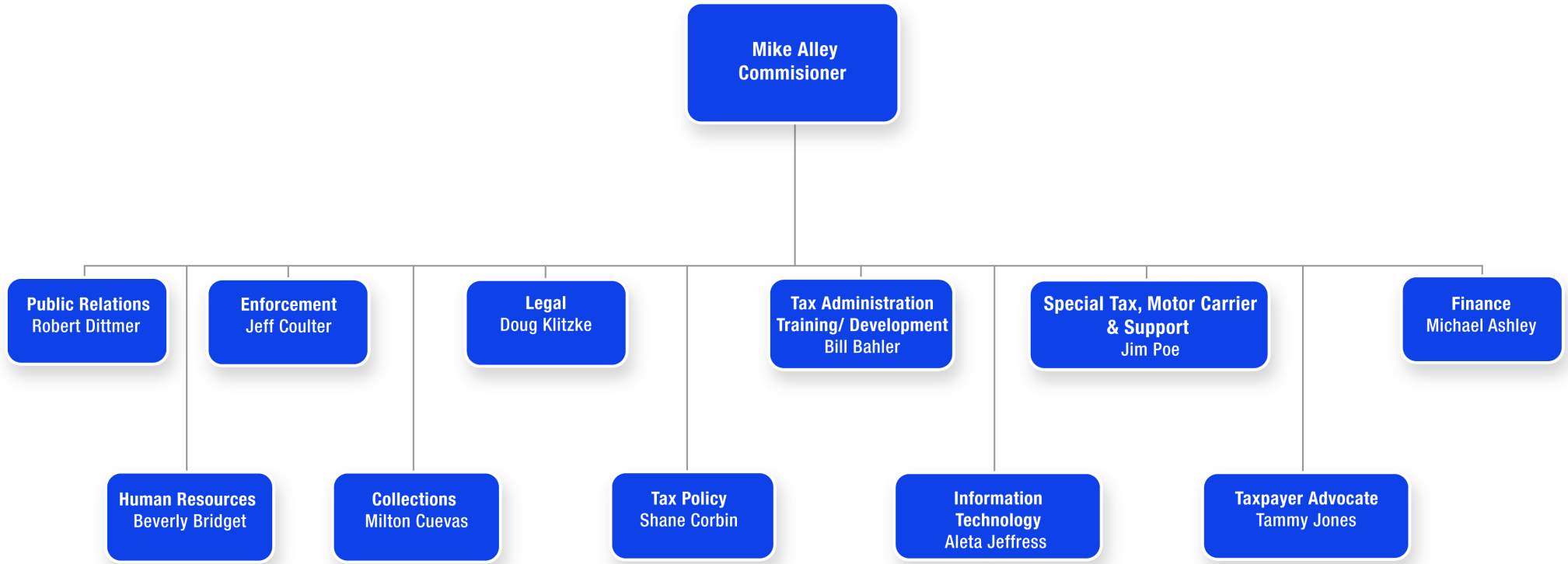
Partnership with Indiana Department of Workforce Development (DWD)– The department assists DWD with deposit services for DWD’s quarterly Unemployment Compensation collections. The department has routinely processed more than 85,000 returns each quarter saving DWD approximately 50 percent of its prior processing costs. In close collaboration with DWD, the department uses its existing technology to increase the percentage of timely dollars deposited from 76.24 percent to 100 percent and the percentage of timely Items deposited from 84.33 percent to 100 percent over the past year.



1996 – The department launches its first website.

1997 – The department accepts credit card payments for both paper and electronic payments.

DEPARTMENT ORGANIZATIONAL STRUCTURE



1997 – The IT40 EZ is created and made available for residents with a federal taxable income less than \$50,000.

1997 – The department implements a new Returns Processing System (RPS). It replaces a 30 year old system with newer technology to better process taxpayer information.

Quality That Counts in Leadership



From Left to Right: Doug Klitzke, Beverly Bridget, Jim Poe, Michael Ashley, Robert Dittmer, Jeff Coulter, Mike Alley, Tammy Jones, Aleta Jeffress, Bill Bahler, Milton Cuevas, Shane Corbin

1997 — I File, a free online tax filing system, is made available for individual taxpayers.

1997 — The department begins answering taxpayer inquiries via email.

Commissioner Mike Alley comes to the department after decades of management experience in the banking industry. Previously, 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.

Chief Financial Officer Michael Ashley has more than three decades of experience in finance and general management, including various chief financial officer roles. He was the deputy director and CFO of the Indiana Department of Child Services during the time DCS moved the responsibility for child welfare financing from the counties to the state. Before joining DCS, Ashley was director of corporate finance and investment banking at Eli Lilly from 1998 to 2006. He previously worked for Eli Lilly Japan in Kobe as CFO and director of administration and strategy. He was also the CFO for Cardiac Pacemakers Inc. and the Controller at Physio Control Corp, both Lilly Medical Devices division companies located in Minneapolis and Seattle, respectively. In all, he was at Eli Lilly for more than 29 years in various financial leadership positions. Ashley earned his bachelor's degree and MBA from UCLA.

Chief Information Officer Aleta Jeffress joined the department following a contractual agreement with Direct Path Alliance, a company that has been assisting the department with documenting our processing and technology flows, identifying operational risks, and reviewing internal control mechanisms. Jeffress most recently worked for the Department of Defense's Finance and Accounting Service. Her experience also includes being a vice president of software development for OneBridge, a company that does credit and debit card processing for credit unions, and a director of software at eTapestry, a provider of donor management software for not-for-profit companies. Jeffress earned her bachelor's degree in public and environmental affairs at Indiana University.

Deputy Director of Compliance Milton Cuevas oversees 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.

Deputy Director of Tax Policy Shane Corbin has been with the department since 2008. Corbin previously served as tax policy analyst but started in the department as executive assistant to the commissioner before becoming a tax analyst in the inheritance division. A two-time Indiana University – Purdue University Indianapolis graduate, Corbin holds a bachelor's degree in political science with high distinction and a J.D.

1998 – The department establishes direct deposit of individual income tax refunds for those taxpayers filing electronically.

1998 – The department is the first state to develop and implement 2D bar coded tax returns, enabling the processing of paper returns as if they were filed electronically.



Human Resources Director Beverly Bridget has been responsible for serving as a strategic partner with the executive team, managing HR staff, succession planning, employee relations, affirmative action planning, hiring, and retention, among other HR projects 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. She is currently certified as a Salary Administration Professional and Targeted Selection Administrator in addition to maintaining a Certified Compensation Professional (CCP) designation. 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.

Taxpayer Advocate and Department Disclosure Officer Tammy Jones has been with the department for 22 years. She previously served as 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.

Special Tax and Support Administration Deputy Commissioner Jim Poe came to the Indiana Department of Revenue 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 Indiana Governor Mitch Daniels. Poe holds a bachelor's degree in business from Indiana State University.

Enforcement Deputy Commissioner Jeff Coulter has been with the department for seven years, after spending more than 30 years as a certified public accountant specializing in audit, litigation support, forensic accounting, and public-company accounting and reporting. His experience includes serving as a partner and an audit and accounting director for the accounting firm of BGBC Partners of Indianapolis. Coulter holds a bachelor's degree in accounting and business administration from Ball State University and is a licensed CPA.

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 on 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).

2000 – Taxpayers can now pay their taxes online.



2001 – Indiana receives a perfect score and a first place ranking in a survey of 49 states conducted by the Center for Digital Government in the area of revenue/taxation.

2004 INtax

Created in 2004, INtax is an online application that allows businesses to manage the following Indiana taxes:

- sales
- withholding
- prepaid sales
- metered pump sales
- tire fees
- fuel taxes
- out-of-state sales
- wireless prepaid fees
- type II gaming taxes

It gives users 24/7 access to their tax records, lets them file and pay online, and allows them to send secure messages to the department.

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.

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.



2003 – The department's motor carrier division launches an International Registration Plan (IRP) online application which allows motor carriers to process, pay, and print all necessary trucking documents. Due to the IRP's unique online system and exceptional customer service, Indiana leads the nation in the number of truck registrations.

2011-2012 QUALITY THAT COUNTS AWARD RECIPIENTS

As part of the department's ongoing commitment to providing *Quality That Counts*, it recognizes employees throughout the year who exemplify quality performance, whether through saving taxpayers money, finding more efficient and effective ways to do the day-to-day work of the department, or going above and beyond in assisting taxpayers in resolving tax issues.

Employees who received *Quality That Counts* awards in FY 2012 included

- Craig Hurst (p. 63)
- Michelle Leech (p. 65)
- April Bruce (p. 68)
- Vicki Reece (p. 71)



2004 – For the first time, Indiana taxpayers can now check the status of their state individual income tax refunds online.



2004 – INtax, a new electronic method for businesses to manage their state tax accounts, is launched.

TAXPAYER SERVICE AND EDUCATION

Providing valuable services and education is a priority for the department. Each year the department seeks taxpayer feedback as a primary means of discerning taxpayer education and information needs. The department seeks taxpayer input through surveys, focus groups, Web feedback, social media forums, email, and the department's annual public meeting in June.

Here are some of the many services and education opportunities the department provides:

Social Media Outreach – The department continues to use the social media tools Facebook and Twitter as a means to reach out to individual and business taxpayers as well as organizations interested in tax updates, general information, and special tax news. In addition, these tools allow the public to submit general questions, feedback, and comments for consideration. In FY 2012, Facebook fans increased by 25 percent while Twitter followers increased 31 percent. Taxpayers are encouraged to become fans of the department's Facebook page at www.facebook.com (search for "Indiana Department of Revenue") or to follow the department on Twitter at www.twitter.com/INDeptofRevenue. In addition to the social media sites, the department hosts a TaxTalk Blog (www.in.gov/dor/3877.htm), which has more than 1,900 subscribers.

New and Small Business Education Center (www.smallbiz.in.gov) – This site offers new and small business owners a full range of resources including videos, downloadable forms, frequently asked questions, and much more. This site helps them register and close a business with the Department of Revenue as well as properly file their Indiana business taxes.

2005– Indiana's first and only tax amnesty program is launched. It collects more than \$244 million in delinquent state taxes.

2005

Tax Amnesty Program

The Tax Amnesty program was a limited-time opportunity for individuals and businesses. The program allowed taxpayers to pay the base tax for existing tax liabilities for amounts due before July 1, 2004. If a taxpayer participated, the department waived penalties, interest, and collection fees; released tax liens; and refrained from seeking prosecution. The program paid off more than \$244 million in delinquent taxes, surpassing the Governor's goal by \$179 million.

Latino Outreach – The department has been working diligently to continue its Latino outreach by hosting a department Spanish-language website with key tax information, hosting a Spanish-language tax blog, writing articles for Spanish publications throughout the state, translating selected forms and tax booklets into Spanish, and having bilingual employees available to provide assistance to Spanish-speaking taxpayers.

Workshops/Seminars – The department also conducted more than 55 workshops and seminars throughout the year for various segments of the public, including several seminars offered to the tax schools of Indiana University and Purdue University. This was in addition to providing information and tax-training handbooks to Volunteer Income Tax Assistance volunteers and AARP Tax-Aide, which provide free tax preparation for disabled and low- to moderate-income taxpayers.

Professional Groups – The department increased its efforts to conduct presentations and meet on a regular basis with several professional groups. This includes speaking at their conferences and attending workshops to address specific issues. These groups include the Indiana Society of Certified Public Accountants, Indiana State Bar Association, IRS symposiums, Association of Professional Accountants, chambers of commerce, manufacturing associations, hotel hospitality associations, agricultural associations, and many others.

Automatic Updates – Because of the importance of receiving vital information in a timely manner, the State of Indiana offers GovDelivery's Email and Digital Subscription Management service. This tool makes it much easier for taxpayers to get the information they want and need.

Once registered, the service sends the subscriber an email whenever the department updates its website. When an update has occurred on the TaxTalk Blog, departmental notices, the New and Small Business Education Center, the Spanish site, *Tax Dispatch*, and more, the subscriber receives a message.

Those interested in registering can visit the department's home page at www.in.gov/dor or can click the link under the left-side navigation bar; the system then guides the subscriber through the steps for registration.



2007 – The department launches bi annual renewals of Registered Retail Merchant Certificates (RRMCs), which increases business tax compliance.



2007 – The motor carrier division establishes a national unified web portal for Unified Carrier Registration, which generates more than \$500,000 in revenue per year.

TRAINING IMPROVEMENTS

During FY 2012, the training and development division provided training and training materials in the following areas:

Continuing Education: Agency-wide Training

- Sexual harassment training: 632 employees
- Ethics training: 632 employees
- Foundation customer service skills training: 22 new-hires
- Refresher training in personal accountability: 140 employees
- Phase III customer service 4-step workshops: 140 employees
- Time management using Microsoft Outlook: 45 employees

Supervisory Management Training

- Intermediate coaching skills: 20 employees
- Lessons in leadership webinar series: 54 employees
- Time management: 60 employees
- Delegation skills: 31 employees

Other Agency Employees

The department's training division also provided training during FY 2012 to various other agencies on behalf of State Personnel. This training covered customer service skills and personal accountability.

Tutorials Training for Both Taxpayers and Employees:

- INTax
- Motor Carrier Services Oversized/Overweight



Bloomington District Office Tax Analysts

2008 — The department launches a New and Small Business Education Center, which has attracted the attention of more than 50,000 users to date.



2008 — The department's motor carrier division launches an Oversize/Overweight online application, which allows thousands of motor carriers to obtain permits and make payments online 24/7.

INCREASES IN ENFORCEMENT CAPABILITY

Desk Audit Division

The desk audit area continues to have an expanding role in the department's overall compliance and enforcement efforts. As a part of this role, desk audit worked in conjunction with the refund processing division during FY 2012. As a result of this collaboration and other division efforts, the department has been able to reduce invalid refund claims and send bills totaling more than \$23 million. This has been accomplished by using a combination of information from the BMV, IRS, other state agencies and outside referrals, as well as by assisting the refund processing division in examining and reducing complex refund claims. Through this partnership and the desk audit division's review and audit of complicated refund claims, refund claims are now processed in a more timely manner, customer service is improved, and the state realizes an overall reduction of interest expense.

Refund Claim Processing

Efficiencies developed in the refund processing division resulted in an overall reduction in open claims to be worked. At the end of FY 2012, approximately 500 claims remained as compared to approximately 2,500 claims at the end of FY 2011. Interest paid on claims processed by this division decreased by approximately 44 percent as a result. In FY 2012, 90 percent of all claims filed were completed within 90 days as compared to 56 percent in the prior year. This division also reduced unsubstantiated refund claims by approximately \$50 million over the prior year.



2009 – The department's Spanish website goes live.

Audit Selection

Audit selection continues to improve in FY 2012 due to the implementation and usage of the department's data warehouse. All states, including Indiana, are using computer-based auditing tools and decision analytics. Using these tools, the enforcement division has been able to analyze more refined data to assist in determining the best audit candidates.

Statistical Sampling Auditing

Since the mid-1990s, the department's audit staff have utilized statistical sampling and other electronic means of reviewing records to increase the efficiency and effectiveness of its field resources. Tax auditors with specific expertise in using statistical models and electronic resources assist field auditors in gathering and analyzing data. These specialists work with a field auditor on a given audit assignment to use data directly downloaded from a taxpayer's accounting software and convert it into usable data for audit examination.

Since 2007, the number of audits completed each year using statistical sampling as a tool to achieve results has nearly doubled. By significantly increasing the number of statistical audits being performed, the audit division has improved its efficiency on field audits, which reduces the amount of overall time required to perform an audit. Use of this tool also reduces the time required by the taxpayer and the volume of records required to be examined.

2009 – Department implements electronic filing for gasoline and diesel fuel distributors, reducing annual processing costs by \$600,000.

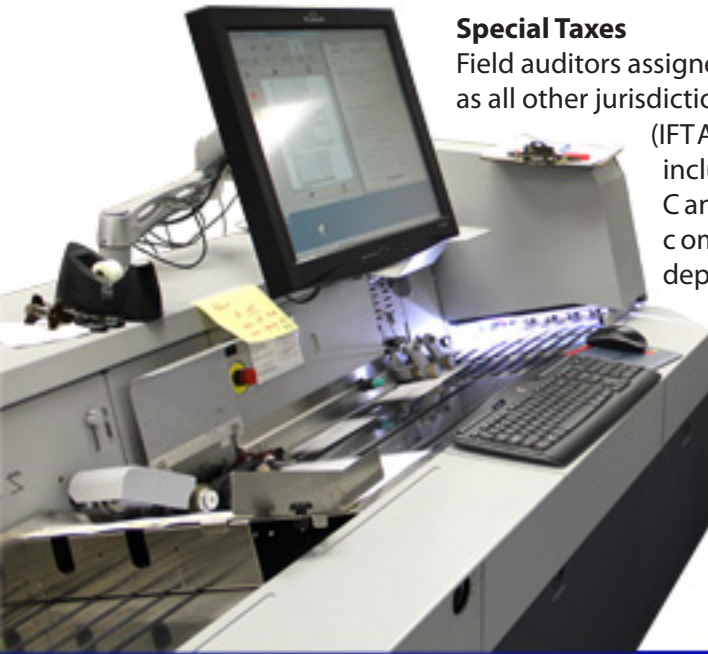
Special Projects

A special project was initiated to ensure more consistent reporting in some business segments. Audits performed as a result of this project yielded results far beyond our original expectations and netted more than \$10 million in additional revenue. These audits revealed numerous problems including identifying system errors, improper bookkeeping practices, lack of sales records, and overall general negligence in applying exemptions to retail transactions.

Part of the success of this project resulted from gathering audit information from secondary sources not previously used. These practices will be integrated into future audits to continue providing quality audit results.

Special Taxes

Field auditors assigned to special taxes perform audits for Indiana as well as all other jurisdictional members of International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP). This includes most of the 50 states and all the provinces of Canada. In the current year, these audits were completed at an accelerated rate that allowed the department to perform additional audits of non traditional tax types, such as cigarette tax and other tobacco products tax. This project resulted in a realization of \$2.6 million in additional tax revenue compared to prior year assessments. Special tax auditors completed more than two times as many audits of this type as they did in FY 2011.



2010 — Imaging technology is installed, which allows the department to image all state paper returns, individual and business. This decreases the costs of labor for hand processing returns and amounts to a 70,000 sq. ft. reduction in document storage space.

2010

Imaging Technology

Imaging technology installed in 2009 and implemented in 2010 has been critical to managing paper returns as efficiently as possible. The technology, which captures and digitizes the returns' data, has reduced key-punch service costs and reduced the number of data-input errors. Warehouse spacing has decreased since paper returns could be digitized and stored in computer systems. Storing returns digitally has provided easier access to return information and timelier customer service.

In all, more than 1.1 million individual income tax forms and 2.5 million withholding forms were processed during its launch. During each tax season's peak, the imaging system processes nearly 30,000 forms of all types every 24 hours.

AREAS OF RECURRING TAXPAYER NONCOMPLIANCE

Returns Processing

The vast majority of returns and forms sent to the department each year are prepared correctly, and the department has been able to process them using the latest technology available. The department annually receives in excess of 4 million documents and an additional 2 million W-2 forms to be processed. Some of those items are received with incomplete information or lacking basic information from the taxpayer (such as checks without an accompanying return). It then becomes the department's responsibility to determine what to do with the information or money it has received. The department strives each year to process returns and checks more efficiently and accurately. In fact, this year the Return Processing Center finished processing the individual returns 5 weeks earlier than in 2008 and finished the corporate tax returns more than 5 months earlier than in 2008.

Failure to Complete a Tax Return or Filing

When a return is received lacking all the necessary information, including all W-2s, schedules, and required attachments 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 then sends the taxpayer a letter explaining the reason for the denial or reduction.

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. After this duplicate filing is identified, an employee must go into the department system to mark the second filing as "information only" to ensure accuracy.

Calculation Errors

When a calculation error is detected, the return is flagged for review. An employee then examines the return and determines whether the error is truly a calculation error; is a problem with how the information was interpreted in the data-capture process; or 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.

Claiming Credits Incorrectly

Credits commonly are claimed even when they are not substantiated or the proper documentation is not included with the return. This causes the credit to be denied; otherwise, an employee must contact the taxpayer to get the necessary information.

2010 – The department begins using the social media tools Facebook and Twitter as a means to connect with individual and business taxpayers as well as organizations interested in tax updates, general information, and special tax news.



2010 – INtax Pay launches allowing taxpayers to pay their tax bills and set up payment arrangements online. This tool is available to taxpayers who owe individual income taxes, and businesses who conduct retail sales.

Miscellaneous

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

- Use of non-departmental payment coupons
- Unidentified checks
- Annual Withholding Tax Form (WH-3) filed outside of legislative-mandated guidelines
- Multiple returns with one check or multiple checks with one return

Each of the above practices requires manual data entry to complete a return. In addition, once started, the taxpayer often continues the erroneous practice. The department has many avenues for changing these practices, however. These 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 use the correct practices that will expedite the processing of returns correctly.



Motor Carrier - Insurance and Safety Division

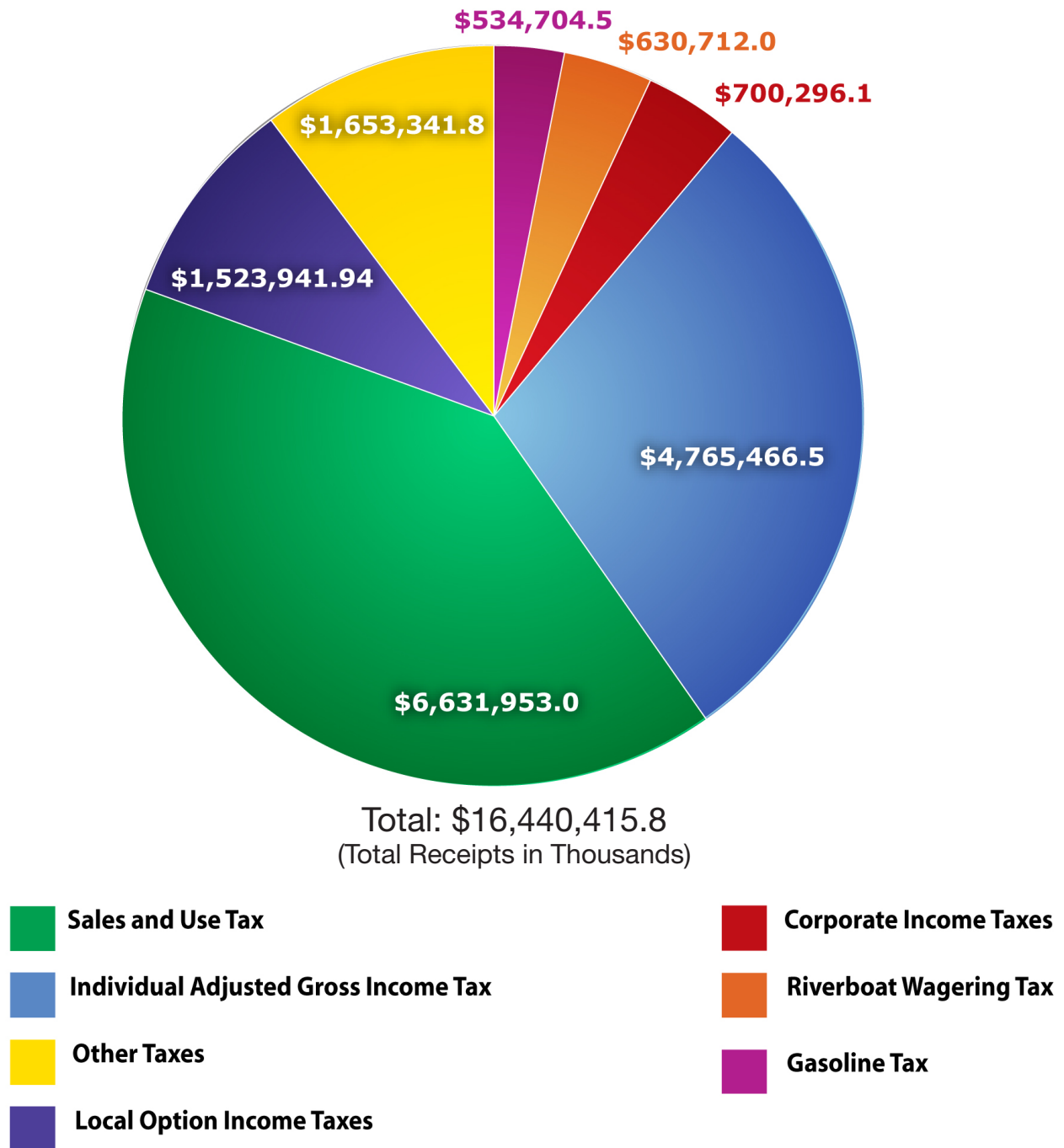
2012 – The department completes its launch of the Customer Interaction Center (CIC) telephone system. This system allows the department to integrate self service functionality, determine the agent most capable of assisting the caller, and send that call to that agent regardless of geographical location.

2012 – INfreefile is available for the first time, replacing I File. INfreefile saves more than \$200,000 in development and maintenance for I File. In its first year, more than 110,000 taxpayers use the online program.



SUMMARY OF FISCAL YEAR 2012 TAX RECEIPTS

In FY 2012, the Indiana Department of Revenue collected more than \$16 billion representing 44 active tax types.



INDIANA TAX DESCRIPTIONS AND RECEIPTS

All amounts are in thousands.

Percentage change reflects increase from FY11 to FY12 unless otherwise indicated. Significant differences reflected in the tax receipts for FY06 may be due to Indiana Tax Amnesty.

Aircraft License Excise Tax

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

FY02	\$ 548.9	FY06	\$ 592.6	FY10	\$ 509.9
FY03	\$ 649.7	FY07	\$ 580.1	FY11	\$ 517.7
FY04	\$ 641.8	FY08	\$ 617.9	FY12	\$ 577.9
FY05	\$ 753.4	FY09	\$ 539.4	CHANGE	11.76%

Alcoholic Beverage Tax

Per gallon rates are as follows: beer, \$0.115; liquor/wine (21 percent alcohol or more), \$2.68; wine (less than 21 percent alcohol), \$0.47; mixed beverages (14 percent or less), \$0.47.

FY02	\$ 37,458.3	FY06	\$ 40,529.6	FY10	\$ 40,143.3
FY03	\$ 37,678.6	FY07	\$ 39,704.3	FY11	\$ 43,935.4
FY04	\$ 38,509.2	FY08	\$ 44,707.8	FY12	\$ 44,154.2
FY05	\$ 38,719.4	FY09	\$ 43,497.9	CHANGE	.50%

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 percent.

FY02	\$ 9,126.7	FY06	\$ 9,889.1	FY10	\$ 9,483.2
FY03	\$ 9,500.9	FY07	\$ 9,727.3	FY11	\$ 10,459.6
FY04	\$ 8,940.9	FY08	\$ 10,478	FY12	\$ 11,184.1
FY05	\$ 8,840.8	FY09	\$ 10,117.7	CHANGE	6.93%

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 percent of the wholesale price. Remitted by the licensed distributor or manufacturer (not the organization).

FY02	\$ 1,382.5	FY06	\$ 1,384.4	FY10	\$ 1,250.1
FY03	\$ 1,311.9	FY07	\$ 1,428.7	FY11	\$ 1,276.4
FY04	\$ 1,231.5	FY08	\$ 1,250.4	FY12	\$ 1,229.8
FY05	\$ 1,244.4	FY09	\$ 1,401.4	CHANGE	-3.65%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10 percent 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.

FY02	-----	FY06	-----	FY10	\$ 354.1
FY03	-----	FY07	-----	FY11	\$ 396.9
FY04	-----	FY08	-----	FY12	\$ 390.4
FY05	-----	FY09	\$ 285.10	CHANGE	-1.66%

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 percent of wholesale price.

FY02	\$ 123,214.8	FY06	\$ 355,525.0	FY10	\$ 482,042.6
FY03	\$ 352,375.1	FY07	\$ 367,632.4	FY11	\$ 478,612.9
FY04	\$ 338,715.7	FY08	\$ 525,282.4	FY12	\$ 456,170.5
FY05	\$ 343,077.9	FY09	\$ 505,724.0	CHANGE	-4.69%

Corporate Adjusted Gross Income Tax

The adjusted gross income tax was increased from 3.4 percent to 8.5 percent on Jan. 1, 2003. Beginning July 1, 2012, the rate will be reduced by 0.5 percent per year until July 1, 2015, when the rate will be 6.5 percent.

FY02	\$ 687,877.6	FY06	\$ 796,118.2	FY10*	\$ 428,347.0
FY03	\$ 307,178.8	FY07*	\$ 751,123.5	FY11*	\$ 625,961.9
FY04	\$ 443,078.0	FY08*	\$ 690,792.3	FY12*	\$ 700,296.1
FY05	\$ 608,370.0	FY09*	\$ 597,544.1	CHANGE	11.88%

* Note: Fiscal years 2007 - 2011 were restated to reflect an accounting issue corrected and reported to the public in December 2011.

County Adjusted Gross Income Tax (CAGIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which 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.)

FY02	\$ 343,479.4	FY06	\$ 388,450.7	FY10	\$ 528,167.2
FY03	\$ 321,835.7	FY07	\$ 428,978.0	FY11	\$ 473,890.8
FY04	\$ 343,586.3	FY08	\$ 440,191.1	FY12	\$ 511,663.3
FY05	\$ 338,871.6	FY09	\$ 497,681.9	CHANGE	7.97%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

County Economic Development Income Tax (CEDIT)

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

FY02	\$ 160,225.3	FY06	\$ 238,804.3	FY10	\$ 293,441.5
FY03	\$ 146,937.1	FY07	\$ 254,053.8	FY11	\$ 257,756.2
FY04	\$ 172,682.2	FY08	\$ 257,289.3	FY12	\$ 272,408.7
FY05	\$ 159,007.6	FY09	\$ 294,876.5	CHANGE	5.68%

County Innkeepers 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.

FY02	\$ 22,586.8	FY06	\$ 36,357.7	FY10	\$ 37,596.2
FY03	\$ 24,043.4	FY07	\$ 37,940.7	FY11	\$ 42,443.9
FY04	\$ 24,410.5	FY08	\$ 42,488.7	FY12	\$ 49,261.0
FY05	\$ 26,120.3	FY09	\$ 37,554.3	CHANGE	16.06%

County Option Income Tax (COIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary. (A county may adopt the County Option Income Tax or the County Adjusted Gross Income Tax, but not both.)

FY02	\$ 497,555.7	FY06	\$ 492,320.2	FY10	\$ 779,635.6
FY03	\$ 463,054.0	FY07	\$ 524,919.6	FY11	\$ 695,221.6
FY04	\$ 424,603.1	FY08	\$ 664,023.6	FY12	\$ 739,869.9
FY05	\$ 401,887.5	FY09	\$ 791,217.4	CHANGE	6.42%

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. Federal estate tax credit for state calculations was phased out in 2005, resulting in the reduction in Indiana estate tax paid. Subsequent year amounts represent adjustments to returns filed in 2005 and before.

FY02	\$ 17,979.7	FY06	\$ (68.5)	FY10	\$ 16.7
FY03	\$ 32,264.5	FY07	\$ (32.2)	FY11	\$ 10.8
FY04	\$ 7,732.4	FY08	\$ 62.6	FY12	\$ 0.0
FY05	\$ 2,085.2	FY09	\$ 0.00	CHANGE	-100.00%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

Financial Institutions Tax

A tax based on the federal adjusted gross income at a rate of 8.5 percent for businesses which are engaged in extending credit, leasing (when it is the economic equivalent of extending credit) or credit card operations.

FY02	\$ 63,644.4	FY06	\$ 87,229.7	FY10	\$ 71,231.8
FY03	\$ 123,444.4	FY07	\$ 76,355.5	FY11	\$ 55,559.8
FY04	\$ 79,608.6	FY08	\$ 64,063.8	FY12	\$ 94,212.1
FY05	\$ 91,977.7	FY09	\$ 97,028.7	CHANGE	69.57%

Food and Beverage Tax

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

FY02	\$ 27,859.6	FY06	\$ 54,266.2	FY10	\$ 64,803.5
FY03	\$ 27,842.3	FY07	\$ 62,596.3	FY11	\$ 67,435.3
FY04	\$ 29,550.2	FY08	\$ 63,975.7	FY12	\$ 71,699.3
FY05	\$ 30,370.8	FY09	\$ 61,282.40	CHANGE	6.32%

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.

FY02	\$ 480,808.9	FY06	\$ 570,490.2	FY10	\$ 540,317.9
FY03	\$ 518,295.6	FY07	\$ 570,628.7	FY11	\$ 543,037.9
FY04	\$ 582,610.7	FY08	\$ 554,041.4	FY12	\$ 534,704.5
FY05	\$ 579,675.0	FY09	\$ 535,851.3	CHANGE	-1.53%

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.

FY02	\$ 1,304.5	FY06	\$ 3,178.9	FY10	\$ 794.6
FY03	\$ 1,122.6	FY07	\$ 2,251.2	FY11	\$ 1,023.8
FY04	\$ 1,219.2	FY08	\$ 1,378.0	FY12	\$ 1,252.3
FY05	\$ 3,281.3	FY09	\$ 1,088.6	CHANGE	22.32%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

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 percent.

FY02	\$ 3,540,819.1	FY06	\$ 4,381,548.1	FY10	\$ 3,864,240.4
FY03	\$ 3,644,159.4	FY07	\$ 4,580,441.2	FY11	\$ 4,583,977.7
FY04	\$ 3,807,860.9	FY08	\$ 4,825,692.6	FY12	\$ 4,765,466.5
FY05	\$ 4,213,210.2	FY09	\$ 4,305,075.4	CHANGE	3.96%

Inheritance Tax

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.

FY02	\$ 123,905.6	FY06	\$ 148,976.6	FY10	\$ 133,173.1
FY03	\$ 165,710.5	FY07	\$ 150,322.2	FY11	\$ 148,664.0
FY04	\$ 132,262.8	FY08	\$ 165,518.7	FY12	\$ 176,026.5
FY05	\$ 150,315.5	FY09	\$ 185,661.3	CHANGE	18.41%

Marion County Admissions Tax

Specific to the Lucas Oil Stadium, the Convention Center, Victory Field, and Bankers Life Fieldhouse in Indianapolis for any event at a rate of 6 percent of the admission price (does not include events sponsored by educational institutions, religious or charitable organizations.)

FY02	\$ 4,247.0	FY06	\$ 6,273.3	FY10	\$ 7,598.7
FY03	\$ 4,457.0	FY07	\$ 6,689.6	FY11	\$ 7,144.0
FY04	\$ 5,041.8	FY08	\$ 6,491.9	FY12	\$ 6,606.9
FY05	\$ 5,212.6	FY09	\$ 7,017.00	CHANGE	-7.52%

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 4 percent. Revenue from the tax is paid to the Capital Improvement Board of Managers.

FY02	\$ 1,950.4	FY06	\$ 3,319.7	FY10	\$ 3,831.1
FY03	\$ 1,772.5	FY07	\$ 4,126.0	FY11	\$ 4,136.3
FY04	\$ 1,827.3	FY08	\$ 4,599.9	FY12	\$ 4,127.1
FY05	\$ 1,941.3	FY09	\$ 3,929.7	CHANGE	-0.22%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

Motor Carrier Fuel Tax

Per gallon rate of \$0.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY02	\$ 5,068.7	FY06	\$ 3,481.2	FY10	\$ 2,063.7
FY03	\$ 5,186.2	FY07	\$ 3,295.0	FY11	\$ 1,624.4
FY04	\$ 6,759.4	FY08	\$ 1,395.2	FY12	\$ 903.6
FY05	\$ 6,034.3	FY09	\$ 1,827.4	CHANGE	-44.37%

Motor Carrier Surcharge Tax

Per gallon rate of \$0.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY02	\$ 79,466.6	FY06	\$ 91,040.2	FY10	\$ 76,875.6
FY03	\$ 79,540.8	FY07	\$ 100,613.0	FY11	\$ 87,739.0
FY04	\$ 85,343.2	FY08	\$ 91,756.8	FY12	\$ 87,046.2
FY05	\$ 84,280.2	FY09	\$ 87,798.6	CHANGE	-0.79%

Motor Vehicle Excise Tax

Specific compliance program authorized by statute aimed at locating vehicles owned by Indiana residents and registered illegally out of state, thus avoiding state vehicle excise tax. Based on the age and class of vehicle, plus penalty and interest for the time period vehicle is illegally registered. (Except for this program, motor vehicle excise tax is otherwise collected by the Bureau of Motor Vehicles.)

FY02	\$ 14.1	FY06	\$ 175.1	FY10	\$ 2.4
FY03	\$ 10.9	FY07	\$ 31.3	FY11	\$ 3.9
FY04	\$ 11.2	FY08	\$ 9.9	FY12	\$ 1.1
FY05	\$ 148.6	FY09	\$ 3.30	CHANGE	-72.05%

Pari-Mutuel Wagering Tax

A 2-percent 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 percent of the total amount of money wagered on simulcasts from satellite facilities.

FY02	\$ 3,537.4	FY06	\$ 4,398.8	FY10	\$ 4,909.0
FY03	\$ 3,744.8	FY07	\$ 4,188.3	FY11	\$ 2,985.2
FY04	\$ 4,154.2	FY08	\$ 4,077.0	FY12	\$ 2,614.6
FY05	\$ 4,515.1	FY09	\$ 3,623.3	CHANGE	-12.41%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

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 percent of the petroleum value, or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

FY02	\$ 579.8	FY06	\$ 1,161.4	FY10	\$ 1,425.7
FY03	\$ 517.2	FY07	\$ 1,153.2	FY11	\$ 1,825.4
FY04	\$ 557.5	FY08	\$ 1,680.4	FY12	\$2,211.6
FY05	\$ 928.8	FY09	\$ 1,475.3	CHANGE	21.16%

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.

FY02	\$ 5,020.5	FY06	\$ 4,255.1	FY10	\$ 4,485.3
FY03	\$ 5,815.5	FY07	\$ 4,540.8	FY11	\$ 5,164.3
FY04	\$ 3,596.9	FY08	\$ 5,250.4	FY12	\$ 6,176.7
FY05	\$ 3,281.8	FY09	\$ 5,397.2	CHANGE	19.60%

Riverboat Admissions Tax

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

FY02	\$ 127,769.1	FY06	\$ 81,095.2	FY10	\$ 81,479.4
FY03	\$ 80,553.4	FY07	\$ 83,758.3	FY11	\$ 77,227.1
FY04	\$ 80,684.6	FY08	\$ 79,837.4	FY12	\$ 74,709.1
FY05	\$ 80,926.2	FY09	\$ 78,859.5	CHANGE	-3.26%

Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5 percent 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 percent to 40 percent, depending on the amount of adjusted gross receipts.

FY02	\$ 381,814.2	FY06	\$ 718,082.3	FY10	\$ 678,127.0
FY03	\$ 586,437.0	FY07	\$ 763,913.0	FY11	\$ 656,934.6
FY04	\$ 679,482.9	FY08	\$ 730,404.4	FY12	\$ 630,712.0
FY05	\$ 709,573.2	FY09	\$ 688,230.0	CHANGE	-3.99%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

Sales and Use Tax

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

FY02	\$ 3,798,489.0	FY06	\$ 5,336,782.3	FY10	\$ 5,964,190.5
FY03	\$ 4,210,262.5	FY07	\$ 5,423,496.6	FY11	\$ 6,269,735.6
FY04	\$ 4,759,445.3	FY08	\$ 5,738,830.4	FY12	\$ 6,631,953.0
FY05	\$ 5,001,048.9	FY09	\$ 6,205,636.3	CHANGE	5.78%

Special Fuel Tax

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

FY02	\$ 170,308.4	FY06	\$ 196,812.7	FY10	\$ 167,332.1
FY03	\$ 172,712.6	FY07	\$ 196,209.4	FY11	\$ 178,161.8
FY04	\$ 183,826.1	FY08	\$ 199,688.4	FY12	\$ 183,742.0
FY05	\$ 193,127.5	FY09	\$ 162,777.4	CHANGE	3.13%

Utility Receipts Tax

An imposed tax of 1.4-percent on gross receipts from retail utility sales. (Note: Fiscal Year 2003 figures include only one-half of a fiscal year.)

FY02	-----	FY06	\$ 206,380.1	FY10	\$ 190,494.7
FY03	\$ 75,907.7	FY07	\$ 200,305.0	FY11	\$ 199,072.3
FY04	\$ 167,401.1	FY08	\$ 215,332.6	FY12	\$ 201,016.9
FY05	\$ 170,814.6	FY09	\$ 230,661.00	CHANGE	0.98%

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 percent and is imposed if the utility service provider is not subject to the utility receipts tax.

FY02	-----	FY06	-----	FY10	\$ 8,492.6
FY03	-----	FY07	\$ 9,405.8	FY11	\$ 9,495.6
FY04	-----	FY08	\$ 12,917.7	FY12	\$ 9,264.9
FY05	-----	FY09	\$ 13,944.2	CHANGE	-2.43%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

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-percent (whichever is greater) of any unpaid excise tax is charged on all late registrations. There is also an annual aircraft dealers fee of \$25.

FY02	\$ 94.5	FY06	\$ 76.9	FY10	\$ 74.1
FY03	\$ 76.5	FY07	\$ 74.8	FY11	\$ 74.6
FY04	\$ 75.1	FY08	\$ 87.0	FY12	\$ 77.0
FY05	\$ 100.5	FY09	\$ 78.6	CHANGE	3.21%

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.

FY02	\$ 57.9	FY06	\$ 35.4	FY10	\$ 30.5
FY03	\$ 49.7	FY07	\$ 42.5	FY11	\$ 24.8
FY04	\$ 43.8	FY08	\$ 39.6	FY12	\$ 28.1
FY05	\$ 51.5	FY09	\$ 38.70	CHANGE	13.33%

Enhanced Prepaid Wireless Telecommunication Fee

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

FY02	-----	FY06	-----	FY10	-----
FY03	-----	FY07	-----	FY11	\$ 2,098.4
FY04	-----	FY08	-----	FY12	\$ 2,357.2
FY05	-----	FY09	-----	CHANGE	12.34%

Fireworks Public Safety Fee

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

FY02	-----	FY06	-----	FY10	\$ 2,405.3
FY03	-----	FY07	\$ 2,434.5	FY11	\$ 2,578.9
FY04	-----	FY08	\$ 2,558.7	FY12	\$ 2,540.2
FY05	-----	FY09	\$ 2,493.6	CHANGE	-1.50%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

Hazardous Chemical Fee

An annual fee is imposed on a facility which 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.

FY02	\$ 573.4	FY06	\$ 588.5	FY10	\$ 364.3
FY03	\$ 581.7	FY07	\$ 513.8	FY11	\$ 511.0
FY04	\$ 662.0	FY08	\$ 564.2	FY12	\$ 483.8
FY05	\$ 689.3	FY09	\$ 544.1	CHANGE	-5.31%

International Registration Plan (IRP) Licensing Fee

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

FY02	\$ 80,293.7	FY06	\$ 88,147.4	FY10	\$ 83,148.2
FY03	\$ 82,395.1	FY07	\$ 87,799.9	FY11	\$ 89,598.7
FY04	\$ 86,454.0	FY08	\$ 90,181.2	FY12	\$ 91,289.4
FY05	\$ 95,593.6	FY09	\$ 84,782.4	CHANGE	1.89%

Oversize /Overweight Permit Fee

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

FY02	\$ 11,849.5	FY06	\$ 13,001.5	FY10	\$ 12,367.1
FY03	\$ 11,041.1	FY07	\$ 10,907.3	FY11	\$ 13,391.9
FY04	\$ 11,498.9	FY08	\$ 15,475.1	FY12	\$ 15,922.4
FY05	\$ 12,090.5	FY09	\$ 13,377.1	CHANGE	18.90%

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.

FY02	\$ 4,320.3	FY06	\$ 5,309.8	FY10	\$ 5,093.9
FY03	\$ 4,002.8	FY07	\$ 5,207.0	FY11	\$ 5,195.5
FY04	\$ 4,358.6	FY08	\$ 4,858.6	FY12	\$ 5,464.5
FY05	\$ 5,173.2	FY09	\$ 5,073.2	CHANGE	5.18%

INDIANA TAX DESCRIPTIONS AND RECEIPTS

(continued)

Underground Storage Tank Fee

An annual fee of \$200 per tank is imposed on owners of underground storage tanks. In addition, there is an annual registration fee of \$90 for each underground petroleum storage tank, and \$45 for each underground storage tank containing regulated substances other than petroleum.

FY02	\$ 24,306.6	FY06	\$ 50,454.5	FY10	\$ 48,091.4
FY03	\$ 35,992.1	FY07	\$ 51,212.5	FY11	\$ 47,449.9
FY04	\$ 32,065.1	FY08	\$ 52,990.7	FY12	\$ 49,236.4
FY05	\$ 29,396.5	FY09	\$ 50,883.00	CHANGE	3.76%

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.

FY02	\$ 613.8	FY06	\$ 1,261.4	FY10	\$ 1,347.5
FY03	\$ 1,079.3	FY07	\$ 1,768.2	FY11	\$ 1,352.8
FY04	\$ 1,612.0	FY08	\$ 1,512.8	FY12	\$ 1,364.4
FY05	\$ 1,860.0	FY09	\$ 1,516.9	CHANGE	0.86%

AUDIT DIVISION STATISTICAL STUDY

The Audit Division Statistical Study addresses the requirements set forth by IC 6-8.1-14-4 (2). The information is based on 100 percent of the audits completed and taxpayers assisted during FY 2012.

See Page 40 for an index of exhibits and charts included.

- Taxpayers served in district offices, [p. 37](#)
- Sales/use tax violations, [p. 37](#)
- Adjusted gross income and financial institutions tax violations, [p. 37](#)
- Special tax violations, [p. 37](#)
- Amounts of tax assessed, [p. 38](#)
- Industry/business most frequently in violation, [p. 39](#)
- Miscellaneous code violations, [p. 39](#)
- Number of years in the audit period, [p. 39](#)

Taxpayers Served in District Offices

Taxpayer assistance is available in all district offices. Each office has a taxpayer assistance supervisor, a tax analyst, and temporary analysts who perform taxpayer-service functions as well as other office-support responsibilities. Additionally, each office has at least one field representative who performs collection functions in the district.

The “Taxpayer Assistance Report-Fiscal Year” ([Exhibit A](#)) provides the number of taxpayers assisted (in person and by telephone) and the amount of money collected and assessed in each office through the taxpayer-assistance program. Exhibit A reveals that during FY 2012, district offices served 224,130 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 2012, general use tax rule violations [45 IAC 2.2-3] accounted for more than \$22 million in audit adjustments.

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

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

Adjusted Gross Income and Financial Institutions Tax Violations

Individuals and regular corporations are liable for adjusted gross income tax. Financial institutions are subject to financial institutions tax (FIT), which is computed in much the same way a corporation computes its adjusted gross income tax. During FY 2012, 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 \$24.3 million this fiscal year.

Special Taxes

Field auditors assigned to these special tax audits perform audits not only for Indiana, but often for many other jurisdictions when examining reports for the IFTA and the IRP. Special tax auditors also audit a variety of excise-type taxes: cigarette, other tobacco products (OTP), beer and wine excise tax, and other fuel excise taxes. This group recently conducted several audits on cigarette and other tobacco products, 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 \$2.5 million this fiscal year.

What Indiana Taxpayers Have to Say

“The Bloomington staff has always exceeded my expectations. They are knowledgeable, personable, polite, and professional. As my experiences over numerous visits that span several years has shown, you can be certain this excellence is the status quo in Bloomington.”

– Cheryl D.

Amounts of Tax Assessed

Exhibits C, D, E, and F display the amount of assessments (refunds) of the sales tax, adjusted gross income tax, financial institutions tax, and utility receipts tax, respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded.

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

Sales/Use Tax—Exhibit C

	Amount Assessed	Percentage of All Assessments
45 IAC 2.2-5-8	\$16,890,647	25%
45 IAC 2.2-3-4	\$9,615,656	14%
45 IAC 2.2-6-8	\$6,215,998	9%

Adjusted Gross Income Tax—Exhibit D

	Amount Assessed	Percentage of All Assessments
45 IAC 3.1-1-62 (IC 6-3-2-2)	\$24,305,542	53%
45 IAC 3.1-1-50	\$3,094,129	7%
IC 6-5.5	\$2,458,636	5%

Financial Institutions Tax—Included in Exhibit D with Adjusted Gross Income

	Amount Assessed	Percentage of All Assessments
45 IAC 17-3-1	\$16,735,053	82.38%
Remaining Rules	\$3,579,150	17.62%

Special Tax—Exhibit E

	Amount Assessed	Percentage of All Assessments
IC 6-7-2-7	\$ 2,131,972	67%

Utility Receipts Tax—Included in Exhibit F with Miscellaneous

	Amount Assessed	Percentage of All Assessments
IC 6-9-8-2	\$110,161	30%
Remaining Rules	\$251,505	70%

Industry/Business Most Frequently In Violation

Sales and use tax

For the FY 2012 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 1,808 violations (32 percent of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 399 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 the mining, oil and gas extraction, and construction industries. This group committed 1,102 violations (16 percent of the total violations) for FY 2012. The most frequently violated rule of this group was 45 IAC 2.2-4-26 with 180 violations. Rule 4-26 stipulates that sales and use tax to contractors, utilities, machinery, tools, forms, supplies, equipment, or any other items used or consumed by the contractor and which do not become part of the improvement to real estate are not exempt for sale and use tax purposes.

Adjusted gross income and financial institutions tax

For the FY 2012 reporting period, unclassified taxpayers engaged in unrelated business activities such as debt-finance, rental of real estate, investment and passive income of exempt organizations, rental of personal property, and other miscellaneous activities accounted for the most violations of the adjusted gross income tax rules. This group accounted for 165 violations (36 percent of the total violations). The rule most frequently violated by this group was 45 IAC 3.1-1-2 with 63 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 92 violations (20 percent of the total violations) for FY 2012. The rule most frequently violated by this group was 45 IAC 3.1-1-8 with 13 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.

IC 6-7-2-7 was the most frequently violated special tax item in the study for FY 2012. It specifies the imposition of tax on the distribution of tobacco products other than moist snuff. This rule was violated 49 times and yielded \$2,131,972 in net assessments for the State of Indiana.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2012 was the wholesale, retail, and transportation industries. This group committed 902 violations, accounting for over 81 percent of the total violations.

Miscellaneous Code Violations

[Exhibit F](#) provides the assessment amounts for miscellaneous code violations. In FY 2012, the most violated miscellaneous code section was IC 6-9-8-2, which accounted for 6 (30 percent) of the violations. These violations yielded \$110,161 in net assessments. IC 6-9-8-2 covers the Marion County Innkeeper's Tax on the renting or furnishing, for periods of fewer than 30 days, any lodging in any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which lodgings are regularly furnished for consideration.

Number of Years in the Audit Period

The audit period averages three years.

What Indiana Taxpayers Have to Say

"DWD, myself included, have been very pleased with the performance, responsiveness, service and willingness to work together....Your team at IDOR has done an excellent job in assisting DWD to conduct detailed quarterly analysis during each peak payment processing period....We value this relationship as one of the key working relationships for our agency and are excited to continue working with IDOR as our state partner."
– Christian Waller, Director of UI Accounting, Indiana Department of Workforce Development

AUDIT EXHIBITS

Taxpayer Assistance Report – Fiscal Year 2012 Taxpayer Served in District Offices	Exhibit A	Page 41 Page 42
Standard Industrial Codes	Exhibit B	Page 43
Sales and Use Tax Audits Dollars Assessed in 45 IAC Citations by Industrial Code Sales and Use Tax Violations by Industry Code Sales and Use Tax Dollars Assessed by Industry Code	Exhibit C	Page 44 Page 49 Page 50
Adjusted Gross Income Tax Audit Dollars Assessed in 45 IAC Citations by Industrial Code Adjusted Gross Income Tax Violations by Industry Code Adjusted Gross Income Tax Assessed by Industry Code	Exhibit D	Page 51 Page 54 Page 55
Special Tax Violations Dollars Assessed in Code and Article Citations by Industrial Code Special Tax Violations by Industry Code Special Tax Dollars Assessed by Industry Code	Exhibit E	Page 56 Page 57 Page 58
Miscellaneous Tax Violations Dollars Assessed in Code and Article Citations by Industrial Code Miscellaneous Code Violations by Industry Code Miscellaneous Code Dollars Assessed by Industry Code	Exhibit F	Page 59 Page 60 Page 61

EXHIBIT A

Taxpayer Assistance Report - Fiscal Year 2012*

	Bloomington	Clarksville	Columbus	Evansville	Fort Wayne	Kokomo	Lafayette	Merrillville	Muncie	South Bend	Terre Haute	Totals
Audit Division District Offices												
Walk-in Assistance												
Telephone Assistance	3,179	8,877	2,496	18,737	7,855	9,773	4,396	9,579	6,819	5,428	13,554	90,693
Totals												
Collected/ Assessed	\$3,518,867	\$3,689,594	\$2,740,345	\$1,882,141	\$5,543,296	\$2,413,003	\$2,692,344	\$5,188,254	\$1,653,269	\$3,868,021	\$2,256,636	

*Due to the implementation of the department's new Customer Interaction Center telephone system, district offices now have the ability to assist taxpayers throughout the state regardless of the phone number the taxpayer called. As a result, the volume of telephone calls in FY 2012 has significantly increased from previous years.



EXHIBIT A

Taxpayers Served in District Offices

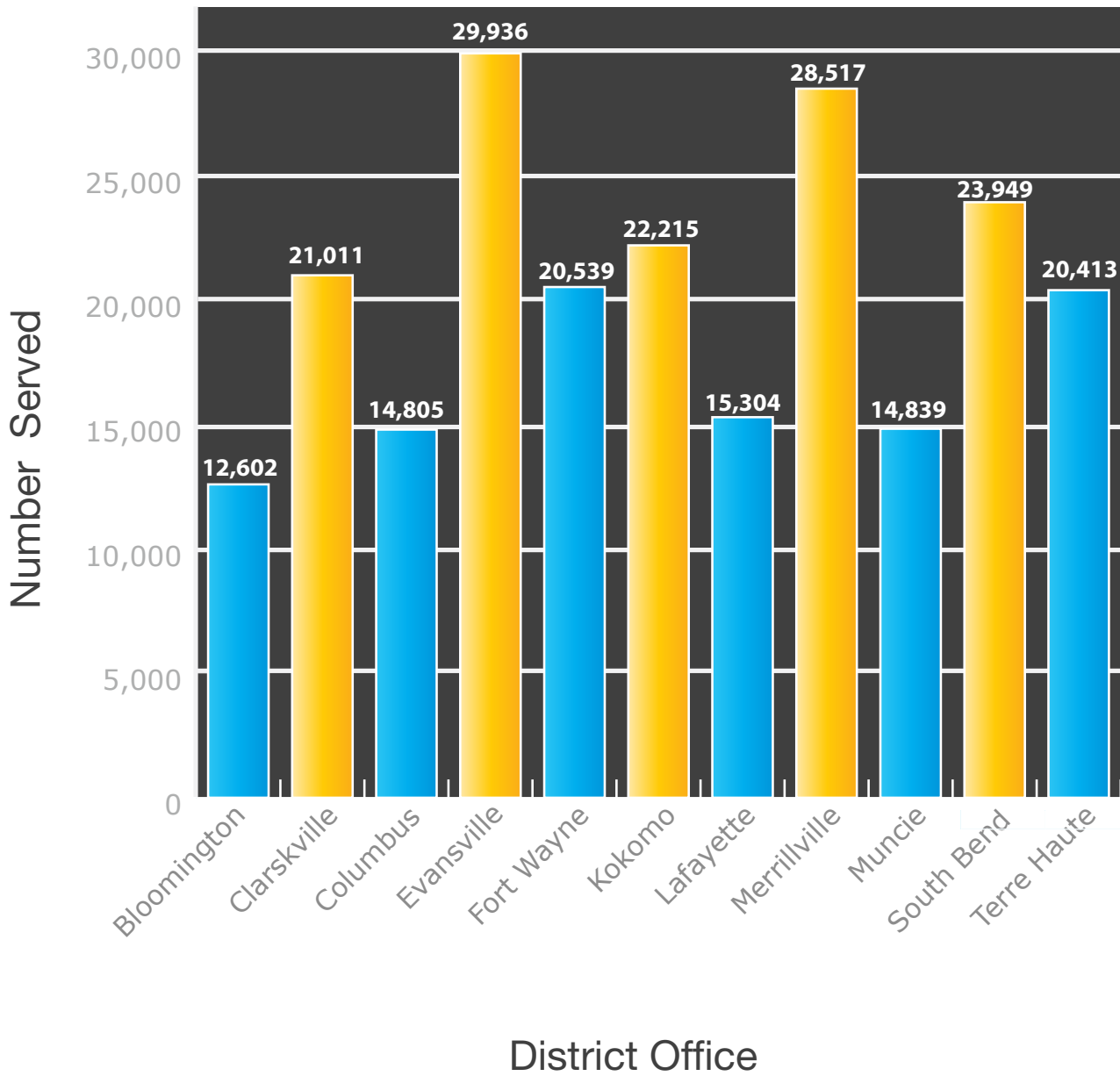


EXHIBIT B

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 explain 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 in 45 IAC Citations by Industrial Code - Sales and Use Tax Audits

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-1-1		43,433	97,816	78,586	78,171	(424)	1,157,648	71,799		1,527,029
45 IAC 2.2-2-1	1,655	11,060	344,955	270,172	242,618	6,136	37,643	19,952	56,177	990,368
45 IAC 2.2-2-2	35,006	(22,678)	93,412	2,428,536	187,470		137,973	91,527		2,951,246
45 IAC 2.2-2-3		(198)		192,442	118,104	54,387			8,696	373,431
45 IAC 2.2-2-4				2,539						2,539
45 IAC 2.2-3-10		888								888
45 IAC 2.2-3-12	8,303	2,217,319	55,605	70,977	43,236			28,163	6,876	2,430,479
45 IAC 2.2-3-13		77,176	105,521	446,090	143,123	5,785	243,972	61,831		1,083,498
45 IAC 2.2-3-14		(1,375)		1,178						(197)
45 IAC 2.2-3-15		5,298	105,682	61,922	7,046	2,282		(477,887)		(295,657)
45 IAC 2.2-3-16		131,076	(988)	1,075	7,672					138,835
45 IAC 2.2-3-18				132,642						132,642
45 IAC 2.2-3-20	42,518	636,607	(7,832,764)	2,821,024	1,623,015	261,224	1,830,829	261,725	6,383	(349,439)
45 IAC 2.2-3-21				24,311	11,282	485				36,078
45 IAC 2.2-3-22			546	4,880				5,372		10,798
45 IAC 2.2-3-24					2,880		109	325,518		328,507
45 IAC 2.2-3-25		319								319
45 IAC 2.2-3-26		1,362				11				1,373
45 IAC 2.2-3-27		82,099	32,335	124,679	21,265	70,387	52,619	27,491	2,823	413,698
45 IAC 2.2-3-4	1,594	458,104	1,475,432	2,601,840	2,015,788	311,500	1,043,714	395,664	1,312,020	9,615,656
45 IAC 2.2-3-5	1,548	9,547	7,652	652,703	934			1,439		673,823
45 IAC 2.2-3-7		6,927	16,149							23,076
45 IAC 2.2-3-8		746,323		666	20,761					767,750
45 IAC 2.2-3-9		1,351,844	363,513	54,520	6,715		(6,506)	81,530		1,851,616
45 IAC 2.2-4-1	75,926	842,408	105,517	1,030,379	274,153	7,292	9,208	493,871	306,666	3,145,420
45 IAC 2.2-4-11		234,218	49,636		2,802					286,656
45 IAC 2.2-4-13		5,927	53,085	6,057	80,670		13,623			159,362
45 IAC 2.2-4-14								948		948
45 IAC 2.2-4-2		99,957	37,631	222,827	86,756	75,300	9,898	90,282	11,665	634,316
45 IAC 2.2-4-21		87,543		(4,798)						82,745
45 IAC 2.2-4-22		545,195	31,203	22,153	15,542					614,093

*For SIC explanation, see [page 43](#).

**To view the citation, visit <http://iga.in.gov/>.

EXHIBIT C

Dollars Assessed in 45 IAC Citations 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 2.2-4-25		16,432								16,432
45 IAC 2.2-4-26		1,432,369	13,530	280,294	44,780			19,764	3,149	1,793,886
45 IAC 2.2-4-27		67,620	39,519	181,887	757,022	91,498	44,036	8,712		1,190,294
45 IAC 2.2-4-3		202	11,103	10,499	7,350	3,342		12,256		44,752
45 IAC 2.2-4-30					176,203		1,664			177,867
45 IAC 2.2-4-32					5,539			(88,177)		(82,638)
45 IAC 2.2-4-33				34,968						34,968
45 IAC 2.2-4-4				90			39,156	(3,575)		35,671
45 IAC 2.2-4-6				8,393	40,886					49,279
45 IAC 2.2-4-7				865	7,436					8,301
45 IAC 2.2-4-8		875		10,610	17,390		499,874	801		529,550
45 IAC 2.2-4-9		77		1,240		14	3,524			4,855
45 IAC 2.2-5-1	12,760			14,980						27,740
45 IAC 2.2-5-10			164,860	122,479	7,587		77,115	14,868		386,909
45 IAC 2.2-5-11			8,175							8,175
45 IAC 2.2-5-12	21,260	5,386	55,846	22,183			56,903	47,531		209,109
45 IAC 2.2-5-13	21,570	2,418		49,456						73,444
45 IAC 2.2-5-14		(16,336)	(15,879)	(4,342)			(3,807)			(40,364)
45 IAC 2.2-5-15	1,565	(248,240)	(6,548)	182,102	(11,509)	31,838	97,352	21,937		68,497
45 IAC 2.2-5-16			(101,041)	(37,985)	29,870		(207)			(109,363)
45 IAC 2.2-5-17		1,115,540								1,115,540
45 IAC 2.2-5-18		19,382			179,449					198,831
45 IAC 2.2-5-19		9,298			16,476					25,774
45 IAC 2.2-5-20					(616,894)		(26,472)	(43,482)		(686,848)
45 IAC 2.2-5-22		497								497
45 IAC 2.2-5-24							25,438			25,438
45 IAC 2.2-5-25						39				39
45 IAC 2.2-5-26		(6)	1,783	46,710	89,902	35,043	950	49	(6,518)	167,913
45 IAC 2.2-5-28	824					(8,663)		1,986,371		1,978,532
45 IAC 2.2-5-3						656				656
45 IAC 2.2-5-32					2,398					2,398

*For SIC explanation, see [page 43](#).

**To view the citation, visit <http://iga.in.gov/>.

EXHIBIT C

Dollars Assessed in 45 IAC Citations by Industrial Code - Sales and Use Tax Audits (continued)

Sum of Amount Citation**	SIC*									Grand Total
	1	2	3	4	5	6	7	8	9	
45 IAC 2.2-5-33					2,547					2,547
45 IAC 2.2-5-34						(278)				(278)
45 IAC 2.2-5-35					(689)	14,665				13,976
45 IAC 2.25-36						397				397
45 IAC 2.2-5-36				29,805	64,505	677,643	(3,595)	17,735		786,093
45 IAC 2.2-5-38				204,266			(725)			203,541
45 IAC 2.2-5-39				87,428						87,428
45 IAC 2.2-5-4	29,441		20,968	28,527	4,880					83,816
45 IAC 2.2-5-40				36,346	(5,920)		63,809			94,235
45 IAC 2.2-5-42			734	69						803
45 IAC 2.2-5-43		210		15,151	32,359		106,705			154,425
45 IAC 2.2-5-45			29	2,728			39,593		829	43,179
45 IAC 2.2-5-5	(886)		320						177	(389)
45 IAC 2.2-5-54		(3,729)	5,662							1,933
45 IAC 2.2-5-55				(537)			275,104			274,567
45 IAC 2.2-5-57					5,894	(38,872)				(32,978)
45 IAC 2.2-5-6	25,630			1,917						27,547
45 IAC 2.2-5-61		(9,115)	7,607	459,119						457,611
45 IAC 2.2-5-62		(3,058)		694	7,515					5,151
45 IAC 2.2-5-67			1,610							1,610
45 IAC 2.2-5-69				93,343	1,873					95,216
45 IAC 2.2-5-7	122,499			7,098						129,597
45 IAC 2.2-5-70			6,722							6,722
45 IAC 2.2-5-8	42,571	213,844	14,346,754	688,125	1,135,626	4,575	94,192	317,615	47,345	16,890,647
45 IAC 2.2-5-9		(113,172)			8,038					(105,134)
45 IAC 2.2-6-1		7,924	10,758	62,181	7,403		43,475	44,212		175,953
45 IAC 2.2-6-12				3,004,053	2,179,449					5,183,502
45 IAC 2.2-6-14		1,660	(2,125)	116,412						115,947
45 IAC 2.2-6-6		300		(15,143)			10,045			(4,798)
45 IAC 2.2-6-8	17,843	116,630	408,398	3,528,404	714,820	5,420	1,022,684	372,799	29,000	6,215,998
45 IAC 2.2-7-1				19,105						19,105

*For SIC explanation, see [page 43](#).

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

EXHIBIT C

Dollars Assessed in 45 IAC Citations 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 2.2-7-2				541,212				2,523		543,735
45 IAC 2.2-7-3				154,378	(1,709)					152,669
45 IAC 2.2-7-5				61,520						61,520
45 IAC 2.2-7-6				11,028						11,028
45 IAC 2.2-7-7				299,513						299,513
45 IAC 2.2-8-12	1,836	276,458	787,927	1,916,788	435,812	285	6,824	10,332	7,425	3,443,687
45 IAC 2.2-8-13		78,162	882							79,044
45 IAC 2.2-8-6				891						891
45 IAC 2.2-9-4		5,726		17	47					5,790
IC 6-2.5-5-7				4,992						4,992
IC 6-2.5-1-18				13,087						13,087
IC 6-2.5-1-20				(9,014)						(9,014)
IC 6-2.5-1-24				14						14
IC 6-2.5-13-1				397						397
IC 6-2.5-1-5		738	282	11,220			2,053			14,293
IC 6-2.5-2-1							17,933			17,933
IC 6-2.5-3-1		(36,245)								(36,245)
IC 6-2.5-3-2				36,710						36,710
IC 6-2.5-4-1				10	37,150					37,160
IC 6-2.5-4-10					6,102					6,102
IC 6-2.5-4-13				4,817						4,817
IC 6-2.5-4-15				11,505						11,505
IC 6-2.5-4-16.2				6,540						6,540
IC 6-2.5-4-4				133						133
IC 6-2.5-4-5			(1,294)							(1,294)
IC 6-2.5-5-13					(21,580)					(21,580)
IC 6-2.5-5-20				26,174			(32)			26,142
IC 6-2.5-5-21				300						300
IC 6-2.5-5-35							(2,494)			(2,494)
IC 6-2.5-5-39				(1,489)						(1,489)
IC 6-2.5-5-4					89,914					89,914

*For SIC explanation, see [page 43](#).

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

EXHIBIT C

Dollars Assessed in 45 IAC Citations by Industrial Code - Sales and Use Tax Audits (continued)

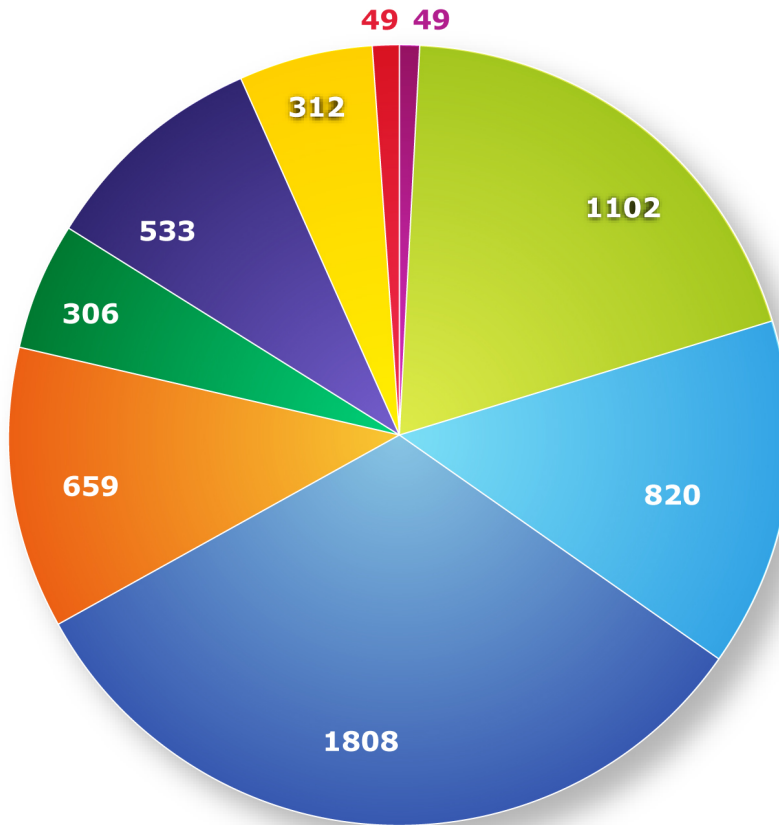
Sum of Amount Citation**	SIC*									Grand Total	
	1	2	3	4	5	6	7	8	9		
IC 6-2.5-5-40				(283)	14,106	(2,289,346)					(2,275,523)
IC 6-2.5-5-43							(6,420)				(6,420)
IC 6-2.5-6-1				346			2,412				2,758
IC 6-2.5-6-10		462			2,077						2,539
IC 6-2.5-6-16				(617)							(617)
IC 6-2.5-6-17				(451)							(451)
IC 6-2.5-6-9								(34,850)			(34,850)
IC 6-2.5-7-2									42,354		42,354
IC 6-2.5-7-3				(1,405,156)							(1,405,156)
IC 6-2.5-7-5				127,455							127,455
IC 6-2.5-7-6				(9,571)							(9,571)
IC 6-2.5-7-9				(77,918)							(77,918)
Grand Total	463,463	10,512,688	10,908,520	22,265,468	10,464,107	(677,379)	7,017,819	4,186,646	1,835,067		66,976,399

*For SIC explanation, see [page 43](#).

**To view the citation, visit <http://iga.in.gov/>.

EXHIBIT C

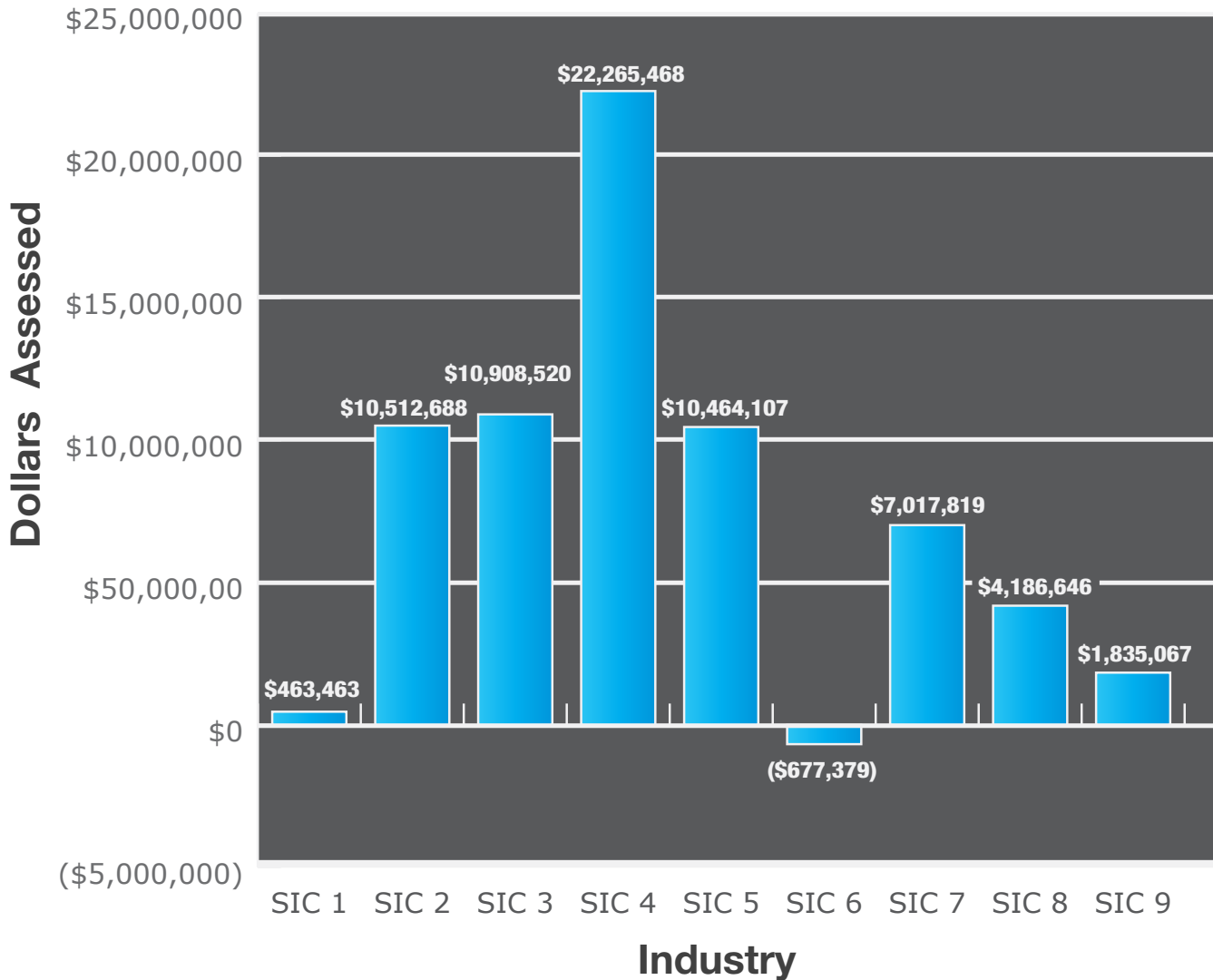
Sales and Use Tax Violations by Industry Code Total Violations: 5,638



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

EXHIBIT C

Sales and Use Tax Dollars Assessed by Industry Code Total Dollars: \$66,976,399



For SIC explanation, see [page 43](#).

EXHIBIT D

Dollars Assessed in 45 IAC Citations by Industrial Code - Adjusted Gross Income Tax

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 1.1-1-1					3,561					3,561
45 IAC 1.1-5-3								191,822		191,822
45 IAC 17-3-5					106,996					106,996
45 IAC 3.1-1-1	1,917	4,612		50,354		236	501	964	140,743	199,327
45 IAC 3.1-1-100		9,762								9,762
45 IAC 3.1-1-103								(1,990)		(1,990)
45 IAC 3.1-1-106									4,471	4,471
45 IAC 3.1-1-107					(428)				6,439	6,011
45 IAC 3.1-1-109		11,136		4,491						15,627
45 IAC 3.1-1-110								333,687		333,687
45 IAC 3.1-1-111				350,000						350,000
45 IAC 3.1-1-115			3,342							3,342
45 IAC 3.1-1-153			(24,800)	20,000	16,349					11,549
45 IAC 3.1-1-2		14,699	202	51,888				1,060	402,526	470,375
45 IAC 3.1-1-25					20,780				13,305	34,085
45 IAC 3.1-1-3									1,013	1,013
45 IAC 3.1-1-31			11,743							11,743
45 IAC 3.1-1-37				65,122	71					65,193
45 IAC 3.1-1-38			1,080,886		6,156					1,087,042
45 IAC 3.1-1-39				1,666,250				780		1,667,030
45 IAC 3.1-1-40				800	4,887					5,687
45 IAC 3.1-1-41		1,620	6,386							8,006
45 IAC 3.1-1-43				1,357	2,149					3,506
45 IAC 3.1-1-45			31,798							31,798
45 IAC 3.1-1-47			-		3,263					3,263
45 IAC 3.1-1-48				2,857						2,857
45 IAC 3.1-1-49			3,825	1,033						4,858
45 IAC 3.1-1-5				9,755				5,135	29,543	44,433
45 IAC 3.1-1-50			3,081,125	8,666	4,338					3,094,129
45 IAC 3.1-1-51			2,841		4,412					7,253
45 IAC 3.1-1-52			2,841	500	303,687					307,028
45 IAC 3.1-1-53			1,111,881	281,617	587,437					1,980,935
45 IAC 3.1-1-54			384,000							384,000

*For SIC explanation, see [page 43](#).

**To view the 45 IAC citation, visit <http://iga.in.gov/>.

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

EXHIBIT D

Dollars Assessed in 45 IAC Citations by Industrial Code - Adjusted Gross Income Tax (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 3.1-1-55			12,725							12,725
45 IAC 3.1-1-59				25,310						25,310
45 IAC 3.1-1-6									539	539
45 IAC 3.1-1-62			10,258	4,926	178,086				734,353	927,623
45 IAC 3.1-1-64			10,439							10,439
45 IAC 3.1-1-66				1,572					39,187	40,759
45 IAC 3.1-1-67		3,089							1,412	4,501
45 IAC 3.1-1-7									1,000	1,000
45 IAC 3.1-1-8	34,104	40,342	981,905	59,603	62,871		139,126		491,130	1,809,081
45 IAC 3.1-1-9	7,341	1,685	2,236,213	36,016	(10,628)			(14,428)	(57,350)	2,198,849
45 IAC 3.1-1-94			10,616	17,363					138	28,117
45 IAC 3.1-1-97		151,981	61,165	96,023	13,236	11,495	85,842	22,224	4,396	446,362
45 IAC 3.1-2-1					186					186
45 IAC 3.1-3-1			17,758	11,702				649	6,546	36,655
45 IAC 3.1-3-2									7,153	7,153
45 IAC 3.1-3-3		460	2,033	1,152			2,090			5,735
45 IAC 3.1-3-5									262	262
45 IAC 3.1-3-8			1,868	15,735				172		17,775
45 IAC 3.1-5-15		(1,287)								(1,287)
IC 6-3.1-13				(258,233)						(258,233)
IC 6-3.1-21									51	51
IC 6-3.1-26				(22,052)						(22,052)
IC 6-3.1-4-5									1,730	1,730
IC 6-3.1-3-5				10,000						10,000
IC 6-3.1-4			563,019		(1,792)					561,227
IC 6-3.1-4-1				177,616					24,872	202,488
IC 6-3.1-4-2					148,414			(443,786)		(295,372)
IC 6-3.1-4-3		636			84,248				(58,873)	26,011
IC 6-3.1-7-1					25,700					25,700
IC 6-3.5-1.1-1									1,043	1,043
IC 6-3.1-3.5			1,818,379	2,570			15,154	5,186		1,841,289
IC 6-3-1-33				1,359						1,359

*For SIC explanation, see [page 43](#).

**To view the 45 IAC citation, visit <http://iga.in.gov/>.

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

EXHIBIT D

Dollars Assessed in 45 IAC Citations by Industrial Code - Adjusted Gross Income Tax (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
IC6-3-2-1				5,720						5,720
IC6-3-2-12			(112,535)							(112,535)
IC6-3-2-2			1,444,737	4,242,510	18,582,491				35,804	24,305,542
IC6-3-2-20					15,484			778,577		794,061
IC6-3-4-12		6,476					1,738			8,214
IC6-3-4-13				13,802	533,106		924	8,316		556,148
IC6-3-4-14									3,362	3,362
IC6-3-4-6				125,000						125,000
IC6-3-4-8				27,653						27,653
IC6-5.5-1-18									778,000	778,000
IC6-5.5-1-18					(129,942)					(129,942)
IC6-5.5-1-2					(17,617)					(17,617)
IC6-5.5-2-1					12,955					12,955
IC6-5.5-2-4									765,000	765,000
IC6-5.5-3-1									1,049,138	1,049,138
IC6-5.5-4					21,804					21,804
IC6-5.5-4-2					(365,377)					(365,377)
IC6-5.5-4-8				344,675						344,675
Grand Total	43,362	245,211	12,754,650	7,454,712	20,216,883	11,731	245,375	888,368	4,426,933	46,287,225

*For SIC explanation, see [page 43](#).

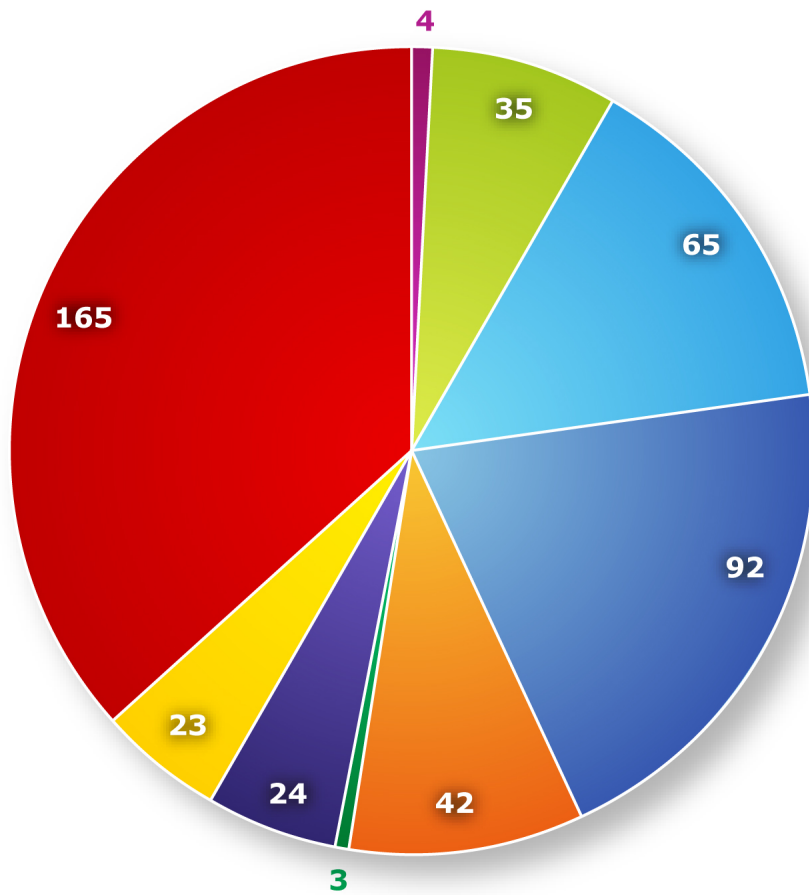
**To view the 45 IAC citation, visit <http://iga.in.gov/>

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

EXHIBIT D

Adjusted Gross Income Tax Violations by Industry Code

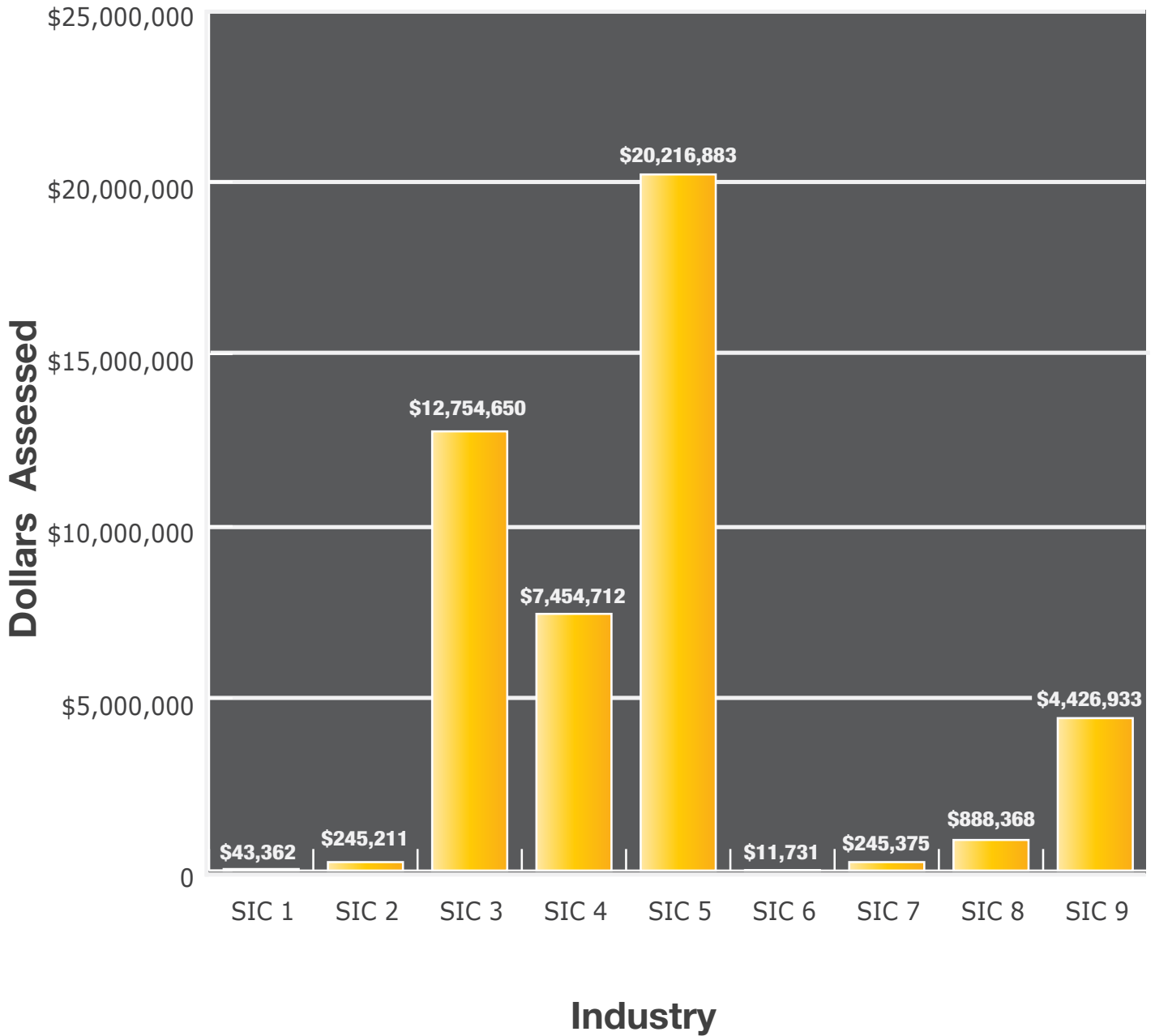
Total Violations: 453



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

EXHIBIT D

Adjusted Gross Income Tax Assessed by Industry Code Total Dollars: \$46,287,225



For SIC explanation, see [page 43](#).

*Total dollars assessed include financial institutions tax.

EXHIBIT E

Dollars Assessed in Code and Article Citations by Industrial Code - Special Tax Audits

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
A550				202					2,500	2,702
IC 13-20-13-7				(263)				271		8
IC 22-11-14-13				10,301						10,301
IC 22-11-14-14				6,379						6,379
IC 36-8-16.6				1,002						1,002
IC 6-6-1.1-301									3,367	3,367
IC 6-6-3.2-2			350							350
IC 6-6-4.1-4				1,898						1,898
IC 6-6-4.1-6				316					(191)	125
IC 6-6-4.1-9									323	323
IC 6-6-4.1-4				1,022						1,022
IC 6-6-4.1-4				346						346
IC 6-6-5.5-8		558	3,258	67,859	6,584		69	101	19,986	98,415
IC 6-7-1-12				(39,602)						(39,602)
IC 6-7-1-19				305,863					110,405	416,268
IC 6-7-2-13				(623)						(623)
IC 6-7-2-14				(53,473)						(53,473)
IC 6-7-2-6									129	129
IC 6-7-2-7				1,975,631	207			13,940	142,194	2,131,972
IC 9-20-6-2				2,444						2,444
IRP Article II-204				120						120
IRP Article XV-1500				12,393					395	12,788
IRP Article XV-1502		1,090	5,801	100,591	13,246		129	171	40,729	161,757
IRP Article XVII-1700			11	3,037	(72)		5	(1,055)	92	2,018
R1000		(3,944)	403	(9,210)	4,874		509	(5,947)	(6,900)	(20,215)
R1200				4,739						4,739
R550				648					2,500	3,148
R800		7,095	3,447	251,542	137,142		1,350	7,417	19,790	427,783
Grand Total		4,799	13,270	2,643,162	161,981		2,062	14,898	335,319	3,175,491

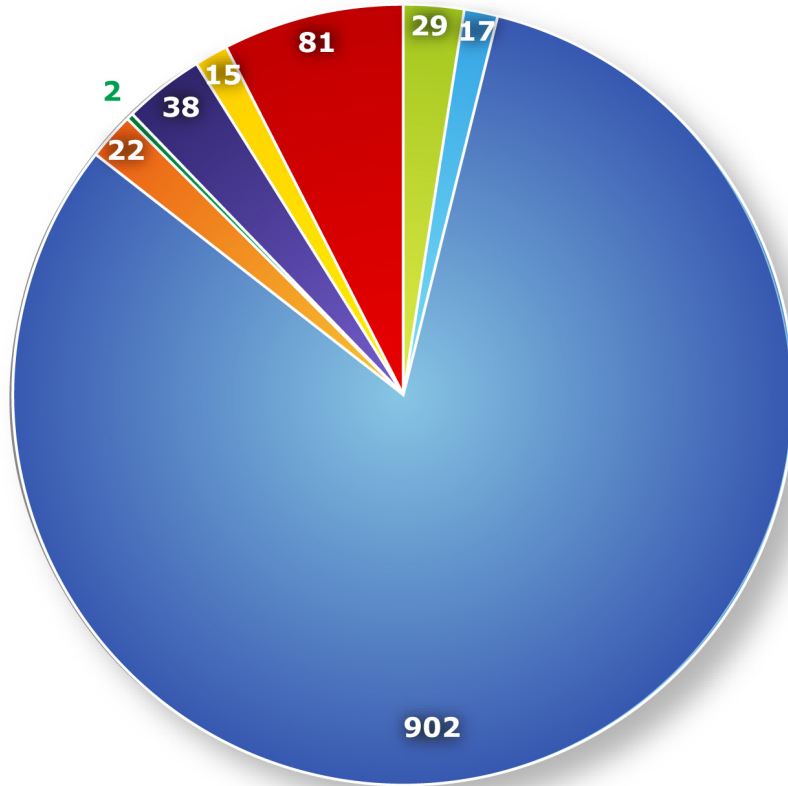
*For SIC explanation, see [page 43](#).

**To view the 45 IAC citation, visit <http://iga.in.gov/>.

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

EXHIBIT E

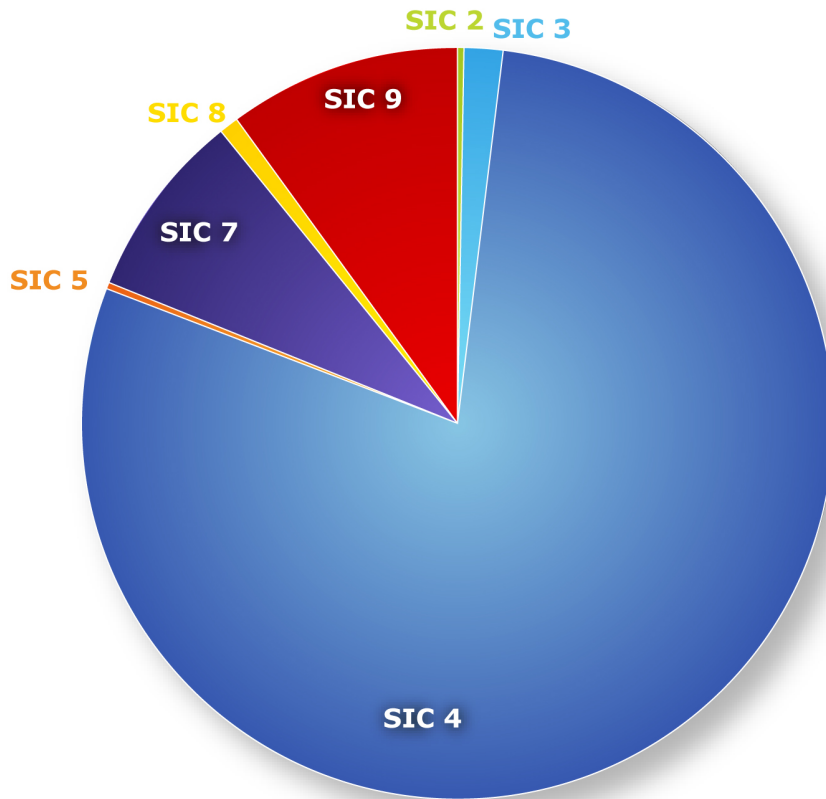
Special Tax Violations by Industry Code Total Violations: 1,106



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

EXHIBIT E

Special Tax Dollars Assessed by Industry Code Total Dollars: \$3,399,205



SIC	Dollars Assessed
1	\$0
2	\$13,117
3	\$57,510
4	\$2,677,965
5	\$17,949
6	\$0
7	\$273,319
8	\$21,301
9	\$338,044

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

EXHIBIT F

Dollars Assessed in Code and Article Citations by Industrial Code - Miscellaneous Violations

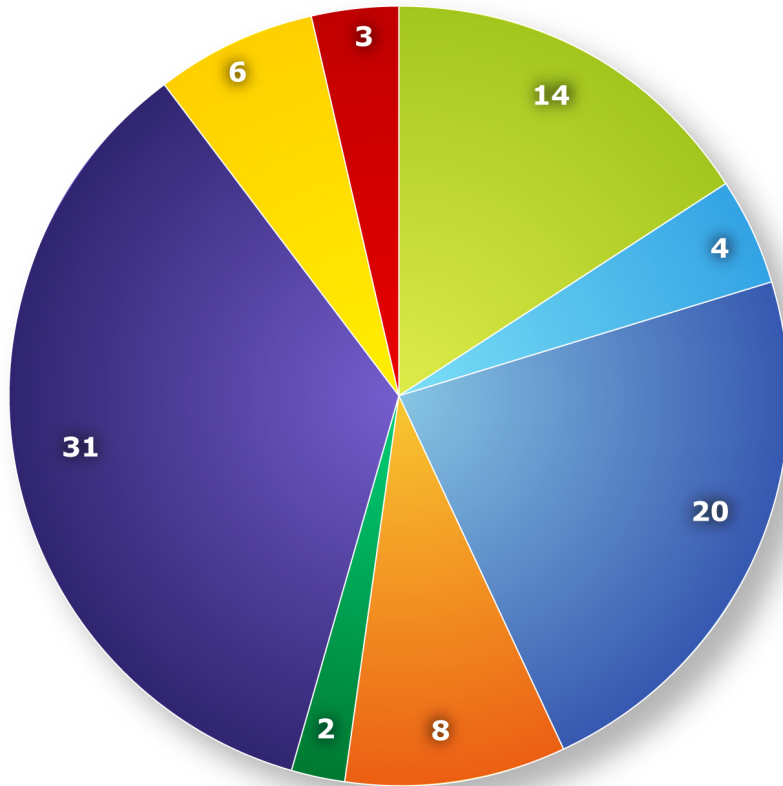
Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 15-5-3				32,269						32,269
45 IAC 15-9-2			188,719	(185,918)					(72,626)	(69,825)
IC 6-2.3-1-13					30,602					30,602
IC 6-2.3-1-4		(6,688)		(3,608)	1,062					(9,234)
IC 6-2.3-1-9		(7,253)								(7,253)
IC 6-2.3-2-1		9,972								9,972
IC 6-2.3-3-10		1,613								1,613
IC 6-2.3-3-5		4,088								4,088
IC 6-2.3-5-2		557								557
IC 6-8.1-10-2		2,000		6,576				1,000		9,576
IC 6-8.1-10-2.1		507		500				5,403		6,410
IC 6-8.1-10-3						1,500				1,500
IC 6-8.1-4-2			1,755							1,755
IC 6-8.1-4-2		5,811	42,485	13,355	7,408		(3,312)			65,747
IC 6-8.1-5-1									2,725	2,725
IC 6-8.1-5-4				784			22,436			23,220
IC 6-9-12							1,399			1,399
IC 6-9-12-3							6,027			6,027
IC 6-9-12-5					198		3,200			3,398
IC 6-9-15-6							23,102			23,102
IC 6-9-18							84,877			84,877
IC 6-9-20-6				141						141
IC 6-9-21-4				6,246			2,135			8,381
IC 6-9-21-6				2,277						2,277
IC 6-9-23-4							1,887			1,887
IC 6-9-24-4							136			136
IC 6-9-26-3							580			580
IC 6-9-26-6						(6,715)	8,268			1,553
IC 6-9-27-5							10,138			10,138
IC 6-9-27-6							2,313			2,313
IC 6-9-33-4				1,302			(2,460)			(1,158)
IC 6-9-3-4							370			370
IC 6-9-8-2							110,161			110,161
IC 6-9-9					2,362					2,362
Grand Total		10,607	232,959	(126,076)	41,632	(5,215)	271,257	6,403	(69,901)	361,666

*For SIC explanation, see [page 43](#).

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

EXHIBIT F

Miscellaneous Code Violations by Industry Code Total Violations: 88

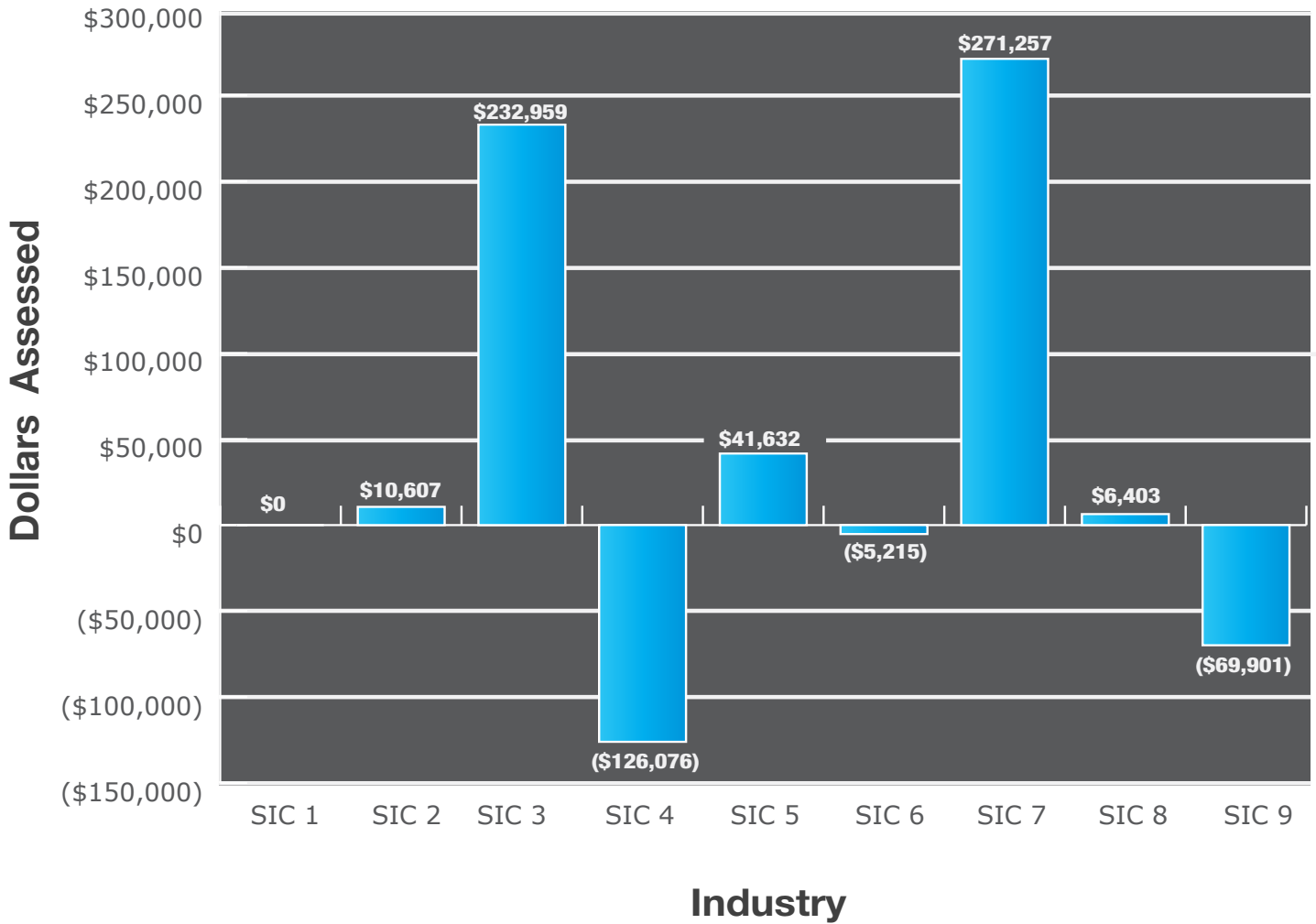


- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education;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

EXHIBIT F

Miscellaneous Code Dollars Assessed by Industry Code

Total Dollars: \$368,881*



For SIC explanation, see [page 43](#).

*Total dollars assessed includes utility receipts tax.

LEGISLATIVE CHANGES

This section provides general background on the adoption of new or amended statutes during FY 2012.

2012 ENROLLED ACTS HOUSE BILLS

HB 1002 – IC 6-3.1-13.5-14 [EFFECTIVE JULY 1, 2012] – Provides that the capital investment tax credit cannot be awarded after December 31, 2016, and allows a carryover of unused credits until December 31, 2019.

What Indiana Taxpayers Have to Say

“Bobbie [Meyer] took time to make sure I fully understood what was needed. She made sure I was clear on what needed to be done and how to do it. She also assisted me in making sure I completed everything thoroughly. She was excellent! Without her assistance, I’m sure I would have had to make several trips.”

– Bettye D.

HB 1009 – NUMEROUS SECTIONS THROUGHOUT THE INDIANA CODE [EFFECTIVE UPON PASSAGE] – Resolves technical conflicts between differing 2011 amendments to Indiana Code sections, including incorrect statutory references, nonstandard tabulation, grammatical problems, and misspellings.

HB 1072 – IC 6-2.3-4-7 [EFFECTIVE JANUARY 1, 2013] – Provides that gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier as payment of severance damages or other compensation resulting from a change in assigned service area boundaries.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that a utility is not required to charge sales tax for utilities that are separately metered or predominately used by a person engaged in recycling after December 31, 2011, or engaged in processing, repairing, floriculture, or arboriculture after December 31, 2012.

IC 6-2.5-5-1 [EFFECTIVE JULY 1, 2012] – Provides that a taxpayer is allowed to file a claim for refund for sales tax paid on exempt utilities if the claim is filed within 36 months of the service being provided. Current law requires the claim to be filed within 18 months of the service being provided.

IC 6-2.5-5-9 [EFFECTIVE JULY 1, 2012] – Provides that the sale of wrapping material and empty containers is exempt from the sales tax if the materials are purchased by an industrial processor to be used as nonreturnable packages in the shipment or delivery of goods that are owned by another person.

IC 6-2.5-5-30 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that equipment purchased by recyclers is exempt from the sales tax if the equipment is required by local, state, or federal regulations and is used to provide increased environmental quality.

IC 6-2.5-5-45.8 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that machinery, tools, and equipment are exempt from the sales tax if the person acquiring the property acquires it for direct use in direct processing of recycling materials and the person is occupationally engaged in recycling. Materials consumed in the processing of recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the sales tax.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2013] – Repeals the provision that allowed a taxpayer to file a combined sales and withholding tax return. Requires all retail merchants to report and remit sales and use taxes through the Department’s online tax filing program.

IC 6-3-1-3.5 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the Indiana definition of adjusted gross income.

What Indiana Taxpayers Have to Say

“Stacy Vessely and Shelly Gardner were both awesome!” – Russ M.

Quality That Counts Spotlights



As **Craig Hurst**, a tax analyst team leader in the tax administration's individual processing division, was working individual returns, he noticed that several taxpayers who filed electronically were incorrectly claiming credits for withholding from "other" income forms. He investigated and found that 315 taxpayers had filed electronically and claimed these credits for the 2011 tax year when they did not qualify for them. Once Hurst discovered this issue, he was able to work with the department's information technology division to find and implement a solution. These efforts have saved the state hundreds of thousands of dollars and helped ensure that the correct amount of taxes is collected from each taxpayer.

IC 6-3-1-11 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the definition of the Internal Revenue Code.

IC 6-3-4-1 [EFFECTIVE JANUARY 1, 2013] – Provides that trusts and estates are not required to file a fiduciary tax return if the gross receipts of the entity are less than \$600. This corresponds to federal requirements for trusts and estates contained in Section 6012(a) of the Internal Revenue Code.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2013] – Provides that withholding taxes may be filed annually if the total tax due for the year is less than \$1,000. Eliminates the current requirements for quarterly and semi-annual filing. If the taxes withheld exceed \$1,000 per year, monthly filing and remittance are required.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2013] – Requires all withholding agents to report and remit withholding taxes using the Department's online tax filing system. Deletes the provision that allowed a taxpayer to file a combined withholding and sales tax return.

IC 6-3-4-12 [EFFECTIVE JULY 1, 2012] – Requires a partnership that makes periodic withholding payments for nonresident partners to report the amount withheld by March 15 after the end of the tax year. Prior law required reporting within 30 days of the end of the year. Provides that if payment is made only annually for a nonresident partner, it is due by April 15 instead of 30 days after the year end.

IC 6-3-4-13 [EFFECTIVE JULY 1, 2012] – Changes the due date for annual one-time withholding for shareholders in an S corporation from March 15 to April 15.

IC 6-3-4-16.5 [EFFECTIVE JULY 1, 2012] – Provides that if a person is required to file more than 25 W-2G, 1099-R, or WH-18 statements in a year, the person is required to file the statements in an electronic format as determined by the Department.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2012] – Extends the venture capital investment tax credit until December 31, 2016. The credit was to expire on December 31, 2014.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2012] – Extends the Hoosier business investment tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

What Indiana Taxpayers Have to Say

"Jim Evans, thank you so much for your assistance. I have a greater respect for the Department of Revenue because of you!"
– Palmer I.

IC 6-3.1-31.9-23 [EFFECTIVE JULY 1, 2012] – Extends the alternative fuel vehicle manufacturing tax credit until December 31, 2016. The credit was to expire on December 31, 2012.

IC 6-3.1-33-9 [EFFECTIVE JULY 1, 2012] – Extends the new employer tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.5-1.1-2 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CAGIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-1.1-10 [EFFECTIVE APRIL 1, 2012] – Provides that the CAGIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-6-1.5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that Miami County may select different uses of COIT funds.

IC 6-3.5-6-8 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a COIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-5 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CEDIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-16 [EFFECTIVE APRIL 1, 2012] – Provides that the CEDIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-7-27.6 [EFFECTIVE UPON PASSAGE] – Authorizes Starke County to impose an additional CEDIT rate of 0.65 percent for the construction and equipping of a jail.

IC 6-8.1-9-1 [EFFECTIVE JULY 1, 2012] – Removes the prohibition of a taxpayer taking a case to tax court if the Department takes longer than three years to settle a claim for refund. Deletes the provision that requires a sales tax claim for refund for utilities paid to be filed within 18 months after the date of payment.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to review all state income tax credits during the 2012 and 2013 interim. The commission shall review the scope and purpose of the credit, credit limits, who qualifies, the types of activities on which the credit is based, the amount of credits granted over time, suggested changes in the law, and whether the credit should be retained.

HB 1128 – IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2012] – Repeals the sales tax deduction for retail merchants selling E85 fuel.

HB 1141 – IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Deletes the provision that allowed utilities to provide utility service to Low Income Home Energy Assistance Program (LIHEAP) participants without collecting the sales tax on the monthly bill.

IC 6-2.5-5-16.5 [EFFECTIVE UPON PASSAGE] – Repeals IC 6-2.5-5-16.5 that provided a sales tax exemption for home energy expenses provided through the LIHEAP.

What Indiana Taxpayers Have to Say

"Sandy [Bowling], I just wanted to thank you for your assistance today. I do appreciate your knowledge and guidance and the staff, who are always courteous when I call with a UCR question." – Jeffrey S.

HB 1196 – IC 6-2.5-8-7 [EFFECTIVE UPON PASSAGE] – Provides that if the Department finds that a retail merchant has been convicted of selling or offering to sell a synthetic drug in the normal course of business in a place of business for which the retail merchant has been issued a retail merchant’s certificate, the Department shall suspend the retail merchant’s certificate for the place of business for one year and may not issue another retail merchant’s certificate for one year to any person who applied for or made a retail transaction under the suspended retail merchant’s certificate or who owned or co-owned, directly or indirectly, or was an officer, a director, a manager, or a partner of the retail merchant that was issued the suspended retail merchant’s certificate.

HB 1207 – IC 6-8.1-2-2; IC 6-8.1-3-2.2; IC 6-8.1-4-3 [EFFECTIVE JULY 1, 2012] – Technical clean-up language to conform to the state civil service act passed in 2011.

HB 1258 – IC 6-4.1-2-8 [EFFECTIVE JULY 1, 2012] – Specifies that an individual holding a beneficial interest in an entity is considered the transferee when a transferor makes a transfer to the entity subject to the inheritance tax. Provides that the individual is liable for the same percentage of the inheritance tax as the individual’s percentage of ownership interest in the entity.

HB 1279 – IC 5-13-6-1 [EFFECTIVE JULY 1, 2012] – Provides that the Department’s district offices are not required to deposit funds on the business day following receipt if the funds on hand do not exceed \$500. Current law requires a next-day deposit if the funds exceed \$100.

HB 1325 – IC 6-2.5-3-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Defines completion work as the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the Federal Aviation Administration.

IC 6-2.5-5-37 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Expands the sales tax exemption for auto racing teams to include qualifying purchases, excluding tires and accessories, made by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500-style race car.

Quality That Counts Spotlights



Michelle Leech is the taxpayer assistance supervisor in the Terre Haute district office, but when she found out that the correspondence section was experiencing a backlog, she volunteered to help. All last year, whenever the Terre Haute DO was a little slow, she helped work the correspondence that had piled up. But Leech didn’t stop there. While assisting with the correspondence, she noticed that many of the pieces were from taxpayers inquiring about the status of their amended IT-40s. A quick check of RPS showed a major backlog of suspended IT-40Xs. Instead of continuing on with her task of answering these letters, Leech took the proactive approach and suggested that she start working the amended returns instead. She knew this would reduce the backlog of IT-40Xs while also reducing the backlog of correspondence.

What Indiana Taxpayers Have to Say

"All the employees at Motor Carrier were helpful and friendly. They were professional and provided very good service." – Charles B.

IC 6-2.5-5-42 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Provides that an aircraft is exempt from the sales tax if the purchaser is a nonresident and the purchaser transports the aircraft to a destination outside Indiana within 30 days after completion of the work or a repurchase evaluation is completed.

IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-2.5-5-46 [EFFECTIVE JULY 1, 2012] – Provides a sales tax exemption for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft if the aircraft is registered in a country outside the United States and has a minimum landing weight of at least 5,000 pounds or is equipped with a turboprop or turbojet power plant. The exemption applies only if the retail merchant possesses a valid repair station certificate issued by the Federal Aviation Administration.

NONCODE [EFFECTIVE JULY 1, 2012] – Requires the Commission on State Tax and Financing Policy to study issues related to whether the exemption for repair of foreign aircraft should apply to all aircraft and avionic devices.

HB 1376 – IC 4-10-22-1 [EFFECTIVE JANUARY 1, 2013] – Provides that beginning in 2013, the Office of Management and Budget shall calculate, after the end of each odd-numbered state fiscal year, the total amount of state reserves available to determine if there should be an automatic tax refund.

IC 4-10-22-2 [EFFECTIVE JANUARY 1, 2013] – Makes the threshold for use of excess reserves 12.5 percent (rather than 10 percent under current law) of general revenue

appropriations for the state fiscal year in each odd-numbered year.

IC 4-10-22-3 [EFFECTIVE UPON PASSAGE] – Provides that if the excess reserves are less than \$50,000,000, the amount shall carry over to each subsequent year until the reserves exceed \$50,000,000. If the excess reserves exceed \$50,000,000 for FY 2011-2012, 50 percent of the reserves shall be transferred to the state police, conservation officers, judges, and prosecuting attorneys pension plans. For subsequent years, 50 percent of the excess shall be transferred to the pension stabilization fund and 50 percent shall be used to provide an automatic taxpayer refund.

IC 4-10-22-4 [EFFECTIVE UPON PASSAGE] – Provides that to qualify for the refund, the taxpayer must have filed an income tax return for the taxable year ending in the calendar year immediately preceding the calendar year in which a determination is made that the state has excess reserves, and the taxpayer must have adjusted gross income tax liability for the taxable year. The amount of the refund for each taxpayer is the total amount of excess reserves divided by the total number of taxpayers that qualify for a refund. The refund is a refundable credit. If an individual and the individual's spouse are both qualifying taxpayers for a taxable year and file a joint return for the taxable year, the individual and the individual's spouse are considered two taxpayers for purposes of determining the amount of the refund.

What Indiana Taxpayers Have to Say

"I have been in here [Clarksville DO] several times through the years, and the folks here have always been very kind and helpful. I appreciate their kindness and willingness to help me with any situation. Today Janis [Bilbro] assisted me, and she was VERY courteous."

– Marian S.

SENATE BILLS

SB 144 – IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise

tax meter machines and related accessories such as repackers, cutters, and supplies.

IC 6-7-2-6 [EFFECTIVE JULY 1, 2012] – Changes the wholesale price on which the tax for other tobacco products is calculated (excludes cigarettes and moist snuff) to make the wholesale price the net price shown on the manufacturer's invoice, excluding any discount or other reduction that is not shown on the invoice.

SB 175 – NONCODE [EFFECTIVE JULY 1, 2012] – Urges an interim study committee to review the connection of the statewide voter registration list and files maintained by the Department.

SB 237 – IC 6-3.1-30.5-0.5 [EFFECTIVE JULY 1, 2012] – Adds a severability clause to the school scholarship program tax credit.

SB 293 – IC 6-4.1-1-3 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Makes a spouse, widow, or widower of a child of the transferor a Class A transferee. Makes a spouse, widow, or widower of a stepchild of the transferor a Class A transferee.

IC 6-4.1-3-10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Increases the Class A transferee exemption from \$100,000 to \$250,000.

IC 6-4.1-5-1 [EFFECTIVE JANUARY 1, 2013] – Provides a credit against the amount of inheritance tax due for deaths that occur after December 31, 2012. The credit is 10% in 2013 and increases by 10% per year through 2021 when the tax is totally phased out.

IC 6-4.1-11-6 [EFFECTIVE JULY 1, 2012] – Provides a phase-out of the local guarantee at a rate of 9% per year beginning July 1, 2012, and ending June 30, 2022.

SB 345 – IC 36-8-16.6-5 [EFFECTIVE JULY 1, 2012] – Provides that fees from the enhanced prepaid wireless charge will be deposited in the statewide 911 fund instead of the wireless emergency telephone system fund.

IC 36-8-16.6-11 [EFFECTIVE UPON PASSAGE] – Requires the statewide 911 board to increase the enhanced prepaid wireless charge on each retail transaction from \$.25 to \$.50 effective July 1, 2012.

IC 36-8-16.6-22 [EFFECTIVE UPON PASSAGE] – Repeals the sunset provision that applied to the enhanced prepaid wireless fee.

LEGISLATION BY TAX TYPE

UTILITY RECEIPTS TAX (IC 6-2.3)

IC 6-2.3-4-7 [EFFECTIVE JANUARY 1, 2013] – Provides that gross receipts are exempt from the utility receipts tax if the gross receipts are received by a taxpayer from an electricity supplier as payment of severance damages or other compensation resulting from a change in assigned service area boundaries.

SALES AND USE TAX (IC 6-2.5)

IC 6-2.5-3-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Defines completion work as the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the Federal Aviation Administration.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Deletes the provision that allowed utilities to provide utility service to LIHEAP participants without collecting the sales tax on the monthly bill.

IC 6-2.5-4-5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that a utility is not required to charge sales tax for utilities that are separately metered or predominately used by a person engaged in recycling after December 31, 2011, or engaged in processing, repairing, floriculture, or arboriculture after December 31, 2012.

What Indiana Taxpayers Have to Say

"I spoke with Ruby [Paxton], and my compliments to her for her patience and helping me with my present difficulties. It's great to find a government agency that is so understanding and willing to help. Thank you." – Ed Y.

IC 6-2.5-5-5.1 [EFFECTIVE JULY 1, 2012] – Provides that a taxpayer is allowed to file a claim for refund for sales tax paid on exempt utilities if the claim is filed within 36 months of the service being provided. Current law requires the claim to be filed within 18 months of the service being provided.

IC 6-2.5-5-9 [EFFECTIVE JULY 1, 2012] – Provides that the sale of wrapping material and empty containers is exempt from the sales tax if the materials are purchased by an industrial processor to be used as nonreturnable packages in the shipment or delivery of goods that are owned by another person.

IC 6-2.5-5-16.5 [EFFECTIVE UPON PASSAGE] – Repeals IC 6-2.5-5-16.5 that provided a sales tax exemption for home energy expenses provided through the LIHEAP.

IC 6-2.5-5-30 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that equipment purchased by recyclers is exempt from the sales tax if the equipment is required by local, state, or federal regulations and is used to provide increased environmental quality.

IC 6-2.5-5-37 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Expands the sales tax exemption for auto racing teams to include qualifying purchases, excluding tires and accessories, made by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500-style race car.

IC 6-2.5-5-42 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – Provides that an aircraft is exempt from the sales tax if the purchaser is a nonresident and the purchaser transports the aircraft to a destination outside Indiana within 30 days after completion of the work or a repurchase evaluation is completed.

IC 6-2.5-5-45 [EFFECTIVE JULY 1, 2012] – Exempts tangible personal property from the sales tax if the property is required to be used by a cigarette distributor to affix excise tax stamps to packages of cigarettes. The tangible personal property includes excise tax meter machines and related accessories such as repackers, cutters, and supplies.

Quality That Counts Spotlights



When the legal division's protest review manager retired, **April Bruce** stepped up. Bruce was asked to assume the primary protest review responsibilities, on top of her normal workload as senior hearing officer. For seven months, she reviewed each protest that was submitted and also managed to continue her main job functions of holding administrative protest hearings and writing the department's final decisions. Being able to rely on Bruce to perform the protest review manager function allowed the legal division time to figure out how best to reorganize their team members and then implement those changes, while saving the department seven months' worth of the protest review manager's salary.

What Indiana Taxpayers Have to Say

“Wilma Murphy went above her duty to make sure I was able to get my renewals. Thanks for employing great employees! I just can’t say enough about how great she is and how she helped me.” – Carl D.

IC 6-2.5-5-45.8 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that machinery, tools, and equipment are exempt from the sales tax if the person acquiring the property acquires it for direct use in direct processing of recycling materials and the person is occupationally engaged in recycling. Materials consumed in the processing of recycling materials or to become a part of the product produced by the processing of recycling materials are exempt from the sales tax.

IC 6-2.5-5-46 [EFFECTIVE JULY 1, 2012] – Provides a sales tax exemption for materials, parts, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft if the aircraft is registered in a country outside the United States and has a minimum landing weight of at least 5,000 pounds or is equipped with a turboprop or turbojet power plant. The exemption applies only if the retail merchant possesses a valid repair station certificate issued by the Federal Aviation Administration.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2013] – Repeals the provision that allowed a taxpayer to file a combined sales and withholding tax return. Requires all retail merchants to report and remit sales and use taxes through the Department’s online tax filing program.

IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2012] – Repeals the sales tax deduction for retail merchants selling E85 fuel.

IC 6-2.5-8-7 [EFFECTIVE UPON PASSAGE] – Provides that if the Department finds that a retail merchant has been convicted of selling or offering to sell a synthetic drug in the normal course of business in a place of business for which the retail merchant has been issued a retail merchant’s certificate, the Department shall suspend the retail merchant’s certificate for the place of business for one year and may not issue another retail merchant’s certificate for one year to any person who applied for

or made a retail transaction under the suspended retail merchant’s certificate or who owned or co-owned, directly or indirectly, or was an officer, a director, a manager, or a partner of the retail merchant that was issued the suspended retail merchant’s certificate.

ADJUSTED GROSS INCOME TAX (IC 6-3)

IC 6-3-1-3.5 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the Indiana definition of adjusted gross income.

IC 6-3-1-11 [EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE)] – Makes a technical change to an Internal Revenue Code cite that is contained in the definition of the Internal Revenue Code.

IC 6-3-4-1 [EFFECTIVE JANUARY 1, 2013] – Provides that trusts and estates are not required to file a fiduciary tax return if the gross receipts of the entity are less than \$600. This corresponds to federal requirements for trusts and estates contained in Section 6012(a) of the Internal Revenue Code.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2013] – Provides that withholding taxes may be filed annually if the total tax due for the year is less than \$1,000. Eliminates the current requirements for quarterly and semi-annual filing. If the taxes withheld exceed \$1,000 per year, monthly filing and remittance are required.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2013] – Requires all withholding agents to report and remit withholding taxes using the Department’s online tax filing system. Deletes the provision that allowed a taxpayer to file a combined withholding and sales tax return.

IC 6-3-4-12 [EFFECTIVE JULY 1, 2012] – Requires a partnership that makes periodic withholding payments for nonresident partners to report the amount withheld by March 15 after the end of the tax year. Prior law required reporting within 30 days of the end of the year. Provides that if payment is made only annually for a nonresident partner, it is due by April 15 instead of 30 days after the year end.

IC 6-3-4-13 [EFFECTIVE JULY 1, 2012] – Changes the due date for annual one-time withholding for shareholders in an S corporation from March 15 to April 15.

IC 6-3-4-16.5 [EFFECTIVE JULY 1, 2012] – Provides that if a person is required to file more than 25 W-2G, 1099-R, or WH-18 statements in a year, the person is required to file the statements in an electronic format as determined by the Department.

What Indiana Taxpayers Have to Say

“What a great employee you have in Linda [Coleman]. She not only answered my questions, but she also told me what forms I would need to fill out. Excellent service!” – Terrence M.

INCOME TAX CREDITS (IC 6-3.1)

IC 6-3.1-13.5-14 [EFFECTIVE JULY 1, 2012] – Provides that the capital investment tax credit cannot be awarded after December 31, 2016, and allows a carryover on unused credits until December 31, 2019.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2012] – Extends the venture capital investment tax credit until December 31, 2016. The credit was to expire on December 31, 2014.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2012] – Extends the Hoosier business investment tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

IC 6-3.1-30.5-0.5 [EFFECTIVE JULY 1, 2012] – Adds a severability clause to the school scholarship program tax credit.

IC 6-3.1-31.9-23 [EFFECTIVE JULY 1, 2012] – Extends the alternative fuel vehicle manufacturing tax credit until December 31, 2016. The credit was to expire on December 31, 2012.

IC 6-3.1-33-9 [EFFECTIVE JULY 1, 2012] – Extends the new employer tax credit until December 31, 2016. The credit was to expire on December 31, 2013.

COUNTY ADJUSTED GROSS INCOME TAX – CAGIT (IC 6-3.5-1-1)

IC 6-3.5-1.1-2 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CAGIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-1.1-10 [EFFECTIVE APRIL 1, 2012] – Provides that the CAGIT certified distribution will be done monthly instead of semi-annually.

COUNTY OPTION INCOME TAX – COIT (IC 6-3.5-6)

IC 6-3.5-6-1.5 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Provides that Miami County may select different uses of COIT funds.

IC 6-3.5-6-8 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a COIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

COUNTY ECONOMIC DEVELOPMENT INCOME TAX – CEDIT (IC 6-3.5-7)

IC 6-3.5-7-5 [EFFECTIVE JULY 1, 2012] – Provides that a county auditor has 10 days to notify the Department after a CEDIT ordinance is adopted. The notification can be through certified mail or in an electronic format approved by the state budget director.

IC 6-3.5-7-16 [EFFECTIVE APRIL 1, 2012] – Provides that the CEDIT certified distribution will be done monthly instead of semi-annually.

IC 6-3.5-7-27.6 [EFFECTIVE UPON PASSAGE] – Authorizes Starke County to impose an additional CEDIT rate of 0.65% for the construction and equipping of a jail.

INHERITANCE TAX (IC 6-4.1)

IC 6-4.1-1-3 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Makes a spouse, widow, or widower of a child of the transferor a Class A transferee. Makes a spouse, widow, or widower of a stepchild of the transferor a Class A transferee.

Quality That Counts Spotlights



As a tax analyst, **Vicki Reece** works suspended electronic returns and, with the implementation of the new “No Valid Address” suspend code, she now must locate the correct address for each return that suspends because its address doesn’t match the United States Postal Service’s address. Reece was working a batch of suspended returns when she noticed a pattern had developed in several that had suspended due to an invalid address—they all had the same city listed but had an invalid street address. Instead of simply fixing each suspended return and moving on to the next one, Reece noticed the pattern and went beyond her typical job duties to research the returns. And in doing so, she discovered that the returns were all fraudulent, saving the department thousands of dollars in refunds that would’ve otherwise been issued.

IC 6-4.1-2-8 [EFFECTIVE JULY 1, 2012] – Specifies that an individual holding a beneficial interest in an entity is considered the transferee when a transferor makes a transfer to the entity subject to the inheritance tax. Provides that the individual is liable for the same percentage of the inheritance tax as the individual’s percentage of ownership interest in the entity.

IC 6-4.1-3-10 [EFFECTIVE JANUARY 1, 2012 (RETROACTIVE)] – Increases the Class A transferee exemption from \$100,000 to \$250,000.

IC 6-4.1-5-1 [EFFECTIVE JANUARY 1, 2013] – Provides a credit against the amount of inheritance tax due for deaths that occur after December 31, 2012. The credit is 10 percent in 2013 and increases by 10% per year through 2021 when the tax is totally phased out.

IC 6-4.1-11-6 [EFFECTIVE JULY 1, 2012] – Provides a phase-out of the local guarantee at a rate of 9% per year beginning July 1, 2012, and ending June 30, 2022.

CIGARETTE & OTHER TOBACCO TAXES (IC 6-7)

IC 6-7-2-6 [EFFECTIVE JULY 1, 2012] – Changes the wholesale price on which the tax for other tobacco products is calculated (excludes cigarettes and moist snuff) to make the wholesale price the net price shown on the manufacturer’s invoice, excluding any discount or other reduction that is not shown on the invoice.

TAX ADMINISTRATION (IC 6-8.1)

IC 6-8.1-2-2; IC 6-8.1-3-2.2; IC 6-8.1-4-3 [EFFECTIVE JULY 1, 2012] – Technical clean-up language to conform to the state civil service act passed in 2011.

IC 6-8.1-9-1 [EFFECTIVE JULY 1, 2012] – Removes the prohibition of a taxpayer taking a case to tax court if the Department takes longer than three years to settle a claim for refund. Deletes the provision that requires a sales tax claim for refund for utilities paid to be filed within 18 months after the date of payment.

MISCELLANEOUS AND NONCODE PROVISIONS

IC 4-10-22-1 [EFFECTIVE JANUARY 1, 2013] – Provides that beginning in 2013, the Office of Management and Budget shall calculate, after the end of each odd-numbered state fiscal year, the total amount of state reserves available to determine if there should be an automatic tax refund.

IC 4-10-22-2 [EFFECTIVE JANUARY 1, 2013] – Makes the threshold for use of excess reserves 12.5% (rather than 10 percent, under current law) of general revenue appropriations for the state fiscal year in each odd-numbered year.

IC 4-10-22-3 [EFFECTIVE UPON PASSAGE] – Provides that if the excess reserves are less than \$50,000,000, the amount shall carry over to each subsequent year until the reserves exceed \$50,000,000. If the excess reserves exceed \$50,000,000 for FY 2011-2012, 50 percent of the reserves shall be transferred to the state police, conservation officers, judges, and prosecuting attorneys pension plans. For subsequent years, 50 percent of the excess shall be transferred to the pension stabilization fund and 50 percent shall be used to provide an automatic taxpayer refund.

IC 4-10-22-4 [EFFECTIVE UPON PASSAGE] – Provides that to qualify for the refund, the taxpayer must have filed an income tax return for the taxable year ending in the calendar year immediately preceding the calendar year in which a determination is made that the state has excess reserves, and the taxpayer must have adjusted gross income tax liability for the taxable year. The amount of the refund for each taxpayer is the total amount of excess reserves divided by the total number of taxpayers that qualify for a refund. The refund is a refundable credit. If an individual and the individual's spouse are both qualifying taxpayers for a taxable year and file a joint return for the taxable year, the individual and the individual's spouse are considered two taxpayers for purposes of determining the amount of the refund.

IC 5-13-6-1 [EFFECTIVE JULY 1, 2012] – Provides that the Department's district offices are not required to deposit funds on the business day following receipt if the funds on hand do not exceed \$500. Current law requires a next day deposit if the funds exceed \$100.

IC 36-8-16.6-5 [EFFECTIVE JULY 1, 2012] – Provides that fees from the enhanced prepaid wireless charge will be deposited in the statewide 911 fund instead of the wireless emergency telephone system fund.

IC 36-8-16.6-11 [EFFECTIVE UPON PASSAGE] – Requires the statewide 911 board to increase the enhanced prepaid wireless charge on each retail transaction from \$.25 to \$.50 effective July 1, 2012.

IC 36-8-16.6-22 [EFFECTIVE UPON PASSAGE] – Repeals the sunset provision that applied to the enhanced prepaid wireless fee.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to review all state income tax credits during the 2012 and 2013 interim. The commission shall review the scope and purpose of the credit, credit limits, who qualifies, the types of activities on which the credit is based, the amount of credits granted over time, suggested changes in the law, and whether the credit should be retained.

NONCODE [EFFECTIVE JULY 1, 2012] – Requires the Commission on State Tax and Financing Policy to study issues related to whether the exemption for repair of foreign aircraft should apply to all aircraft and avionic devices.

NONCODE [EFFECTIVE JULY 1, 2012] – Urges an interim study committee to review the connection of the statewide voter registration list and files maintained by the Department.

What Indiana Taxpayers Have to Say

"Thank you, Diane [Blankenship], for the diagram. It makes sense. You are a very brilliant person. I appreciate your help." – Jake B.

TAX HELP

Internet Access

Access to forms, information bulletins, commissioner's directives, tax publications, 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 us on Twitter at www.twitter.com/INDeptofRevenue.
- Becoming a [Facebook](#) fan by searching for "Indiana Department of Revenue".
- Signing up for automatic email updates on the department's website at www.in.gov/dor.

Telephone Numbers

Automated Information Line
Check on the status of refunds, prerecorded tax topics,
and tax liability balances
(317) 233-4018

Collection/Liability Inquiries

(317) 232-2165

Corporate Tax Information

(317) 232-0129

Individual Income Tax Information

(317) 232-2240

Motor Carrier Services

(317) 615-7200

Sales Tax Information

(317) 233-4015

INTax

(317) 233-8729

Tax Forms Order Line

Available 24 hours per day
(317) 615-2581

Withholding Tax Information

(317) 233-4016

Tax Practitioner

(317) 233-4017

Acknowledgment: Photo of the Original State Treasury Building (p. 5) was provided by the Indiana State Library.

DISTRICT OFFICES

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Indiana Government Center
North, Room N105
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Indianapolis, IN 46204
(317) 232-2240

Bloomington District Office

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

Clarksville District Office

1446 Horn Street
Clarksville, IN 47129
(812) 282-7729

Columbus District Office

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

Evansville District Office

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

Fort Wayne District Office

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

Kokomo District Office

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

Lafayette District Office

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

Merrillville District Office

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

Muncie District Office

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

South Bend District Office

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

Terre Haute District Office

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

**District office business
hours are
8 a.m. to 4:30 p.m.
Monday – Friday**



Access Indiana Information Network

Comprehensive information about your Indiana state government, including advice on what to do in emergencies, is available on the state's official website, the Access Indiana Information Network, at www.in.gov.