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NEWS RELEASE

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New State Tax Law to Go Into Effect Jan. 1, 2007 *Changes Could Put Freeze on Delinquent Businesses*

Indianapolis – (Dec. 18, 2006) – Beginning Jan. 1, 2007, businesses that are delinquent in paying their Indiana sales taxes could find themselves out of business. Senate Enrolled Act 362, passed by the 2006 General Assembly, goes into effect with the start of the New Year and requires all businesses to renew their retail merchant certificates biennially. Those businesses found to be delinquent in paying their sales taxes will be denied a renewal, and if they continue to operate without a valid retail merchant certificate, the company's responsible officers could face a class B misdemeanor, which is punishable by imprisonment, fines or both.

"Prior to SEA 362, a business only had to register for a retail merchant certificate one time and it was good for life," said Department of Revenue Commissioner John Eckart, whose agency will administer compliance with the new law. "Now businesses will need to renew their certificates every two years."

Certificate renewals will be phased in over a two-year period.

Eckart said the new law provides the state with added leverage to encourage delinquent businesses to pay up on time and in full. "Registration for those businesses who are current in their sales-tax payments is automatic, and at no cost," said Eckart. "However, business owners who are delinquent could find themselves facing some serious consequences."

More than \$5 billion of the state's annual revenue comes from sales tax.

Reduced time to protest tax assessments

SEA 362 also reduces the length of time individual and business taxpayers have to protest a tax bill and file a suit in tax court. To protest a tax bill, taxpayers will have 45 days. Previously, taxpayers had 60 days. In addition, taxpayers will have 60 days to file a suit in tax court, a change from the previous 180 days. As part of the tax-warrant process, the Department of Revenue may also place a levy on any unclaimed property to which a taxpayer may be entitled.

"First and foremost, the best time to collect taxes is when they are due," said Senator David Ford, who authored the bill. "With this legislation, the Department of Revenue will have more tools to encourage taxpayers to pay on a timely basis and effectively streamline the collection process."

Representative Eric Turner sponsored the bill, and Gov. Mitch Daniels signed it into law on March 20, 2006. For more on SEA 362, visit the Department of Revenue Web site at www.in.gov/dor