



2024 Annual Public Hearing

Meeting Minutes



Last revised: May 2024

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Minutes Summary

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue (DOR) held its Annual Public Hearing on May 22, 2024, at 10 a.m. ET in Conference Room D of the Indiana Government Center South Building in Indianapolis and online via Microsoft Teams Live.

Required by Indiana law, the purpose of this annual public hearing is to provide taxpayers an opportunity to recommend changes in statutes, departmental policies, processes and procedures to help the department better administer tax laws.

Individuals in attendance representing the Indiana Department of Revenue included:

- Commissioner, Bob Grennes
- Chief Financial Officer, Ed Vance
- Chief Information Officer, Kevin Gulley
- Executive Director of Agency and Business Systems Support, Terri Livingston
- Executive Director of Audit Operations, Steve Combs
- Agency Initiatives Manager, Nancy Tyree

Attendees:

- Ben Smith, Indiana CPA Society
- Sherrill Rude, Indiana CPA Society
- Amy Zimmer, KSM
- Matt Cable, KSM
- Tyler Macik, EY
- Samuel Colwell
- 26 additional in-person attendees
- 40 online attendees

10:00 a.m. Call to order by Nancy Tyree

10:01 a.m. Opening statement by Nancy Tyree (See Attachment A)

10:02 a.m. Introduction of Commissioner Bob Grennes

10:02 a.m. Commissioner remarks by Bob Grennes (See Attachment B)

10:20 a.m. Emailed comments and DOR responses (See Attachment C)

10:34 a.m. Call for speakers and introduction of Ben Smith, Indiana CPA Society

10:35 a.m. Comments from Ben Smith (See Attachment D)

10:49 a.m. Response from Bob Grennes

10:50 a.m. Annual Public Hearing adjourned

Attachment A: Opening Statement

Good morning, my name is Nancy Tyree, and I am the Agency Initiatives Manager for the Indiana Department of Revenue. I would like to personally thank you for attending or tuning in to today's annual public hearing.

This hearing, as required under Indiana code, is for the purpose of providing taxpayers with the opportunity to make recommendations to the department that administers tax laws in our state. This hearing is not a news conference or media opportunity. Nor is it a forum to debate Indiana tax laws—those are established by the Indiana General Assembly.

This is an opportunity for the public to suggest improvements in tax services and processing. We are always looking to improve our services to taxpayers, and we are very interested in hearing your ideas and suggestions.

We have one speaker present today who notified us that they plan to make comments as well as several taxpayers who emailed comments to us prior to the meeting. After the Commissioner's opening remarks, we will read these comments and our responses aloud and then call speakers up to address the room.

Now, it is my pleasure to introduce the Commissioner of the Indiana Department Revenue, Bob Grennes.

Attachment B: Commissioner Remarks

Good morning and welcome to the Indiana Department of Revenue's Fiscal Year 2024 annual public hearing. My name is Bob Grennes, and I am truly honored to be DOR's commissioner, and a member of the amazing DOR team—which includes 680 Hoosiers located in 13 locations across the great state of Indiana. Joining me today are several DOR team members and our summer interns. A big welcome to all of you.

DOR's annual hearing is an opportunity to share a few brief updates on the work our team has completed during the past year—but our main purpose today is to hear from our fellow Hoosiers. Thank you and welcome to everyone that is in attendance and those watching on the live feed. We truly appreciate your time this morning. We also received five written comments that we will share at the end of my remarks. We appreciate those individuals taking the time to provide their written comments.

Today's hearing is not the only way to connect with our team. We are passionate about making it easy for all our fellow Hoosiers to do business with us and find the information, and self-service paths they need. This includes utilizing our INTIME e-services portal, contacting us by phone or by visiting one of our 13 locations across the state.

Our website is a great resource loaded with valuable information, self-service links and additional details on ways to contact our service teams. This feature-rich resource includes a large catalog of links, guidance, self-service tools and information. This past year our site has had over 2 million visitors. On the site, it is easy to subscribe to several helpful newsletters and access annual reports, legal and policy resources, forms, tax bulletins and Frequently Asked Questions.

User experience improvements are at the forefront of our website strategy. Just this past Monday, we launched a new and improved structure to site navigation that enables different customer types to easily navigate to the content that matters to them. This upgrade also includes performance improvements, enhanced Search Engine Optimization and enhancements to accessibility.

With the support of Governor Holcomb's team and the Indiana General Assembly, throughout 2024, we have proudly served millions of Hoosier individuals, families, businesses, corporations and organizations—while also continuing to find ways to improve the speed, quality and impact of the critical work we do—all part of our team administration of 65 tax types, licenses, fees and permits, representing over \$27 billion in annual Indiana tax revenues.

During the past year, we have processed billions of dollars, millions of transactions and completed hundreds of thousands of customer service activities. It has been another incredibly busy, rewarding and successful year as we passionately served Indiana and all the Hoosiers. that count on us by administering Indiana's taxes in a fair, secure and efficient manner.

Here is a quick recap of this past year. During FY24, we completed the 2023 Individual tax season (for the 2022 tax year), and then completed all the preparation, launch and execution of the current Individual tax season (for the 2023 tax year).

We also implemented all the changes resulting from the 2023 legislative session, and supported the Governor's Office, General Assembly and key stakeholders during the recently completed 2024 legislative session on topics that impact Indiana tax laws and our administration of them. You can read a summary of these changes in our 2024 Legislative Synopsis which is published on our website.

As I mentioned, the DOR team administers 65 taxes, fees and penalties, which include several peak processing seasons, but the Individual tax season is our largest peak season, and our opportunity to serve approximately 4.5 million Hoosiers who file an Individual Indiana income tax return.

The bulk of the Individual tax season runs from January through May, but we are either preparing for, or executing it, all year long.

Individual Income Tax Season Highlights

In concert with the IRS, the Individual income tax season opened on schedule on Jan. 29, and we have experienced a smooth and efficient filing season across all service operations.

As of today, we have processed 3.13 million Individual tax returns for over 4 million Hoosiers and, in partnership with the State Comptroller's team, issued 2.2 million Individual refunds, totaling \$824 million. Ninety-three percent of returns are filed electronically (up 1% from last year), which is the most accurate and efficient way to file.

- For electronic returns, our service level goal is to approve 90% of refunds in under 14 days.
- This year, the average return receipt-to-refund approval time for electronic returns is well under that goal at five days.
 - Over 94% have been approved in under 14 days
 - Over 91% were approved in under seven days
- Paper returns take additional time to process—including the manual processing steps of receipt, opening, sorting, scanning and data entry.
- For paper returns, our service level goal is to approve 90% of refunds in under 60 days.
- So far this year, the average return receipt-to-refund approval time for paper returns is also well under our service goal at 16 days with
 - 99% approved in under 60 days
 - 91% in under 30 days
 - 62% in under 14 days

Approximately 5% of returns require additional manual tax analyst review, research and correction for a variety of reasons, including:

- Filing errors
- Incorrect or missing information
- Refund fraud prevention
- ID verification
- Discrepancies with other data sources, including employer withholding, financial institution and IRS data.

Each return requiring additional review has unique attributes that require analysis and correction by our tax analysts. Individuals or their representatives that have questions about a specific return or refund that is still in process, can set up an INTIME account to securely and swiftly correspond with our team about their return. They can also visit one of our 12 district offices or contact us via phone.

If you received a mailed letter or notice associated with your return, please respond quickly utilizing INTIME, as we need your assistance to complete accurate processing.

Additional Agency Highlights

During this past fiscal year, we processed over 3.6 million business returns, 267,000 corporate returns and various returns, schedules, extensions and payments for special taxes, motor carrier taxes and all the taxes our team administers.

Our cybersecurity, data protection, ID safeguarding and refund fraud prevention programs continue to protect Hoosier data, identities and tax dollars. We are pleased to report that so far, this individual tax season, we have stopped over \$14 million of attempted refund fraud.

In calendar year 2024, our Customer Service teams have:

- Served 30,000 walk-in customers and 250,000 customers via phone
- Processed over 75,000 pieces of correspondence
- Responded to over 35,000 INTIME messages
- Received over 5,000 perfect customer satisfaction scores from our surveys, representing 90% of all surveys completed.

And our Tax Practitioner and Taxpayer Advocate Customer Service teams continue to provide specialized and high-quality services for the unique needs of the customers and partners they serve.

Our team also provides a wide variety of services to Indiana’s motor carrier industry. Our Motor Carrier Services team works collaboratively with INDOT, BMV and Indiana State Police team members to support Indiana’s trucking industry—providing registration, tax return, safety, compliance and payment services to nearly 25% of all interstate commercial power units in the US. This team also works with colleagues from states across the country and national motor carrier organizations to operate and improve this unique segment of tax administration.

Throughout FY24, we have continued to make investments in tax law education, guidance and compliance via our policy, outreach, education, communication, audit, compliance, tax liability management and investigation activities. Specialized teams across the agency are continuously operating these critical functions to help Hoosiers be compliant with their tax filing and payment responsibilities.

We have continued to make critical investments in our recently modernized systems, including implementing a technology upgrade to our integrated tax system that will be completed later this fall.

We are also continuously improving critical programs, including Internal Controls, Internal Audit and Compliance and Ethics.

Awards and Recognitions

Top Workplace Awards

If you have followed our journey the last few years, you have heard that our team has been recognized multiple times for our culture, organizational health and employee engagement—which are all at the foundation of our high levels of performance and service delivery.

This year we have proudly added two more awards to our trophy case—a 2024 IndyStar and 2024 USA Today Top Workplace award—which now makes 10 culture and employee engagement awards in the last six years.

Our team is very proud to have developed a high-performing and award-winning people-first culture that is delivering the amazing results that I have shared this morning.

National Tax Administration Recognition

Also, this year, we received national recognition as a top performing revenue agency. In January, the Council on State Taxation published its Best and Worst of State Tax Administration scorecard, and Indiana was one of only three states receiving the grade of A.

Also in January, David Brunori, a respected journalist, author, educator and lawyer who specializes in state and local tax policy, published an article in Law360 identifying the five best revenue agencies in the US, and Team Indiana was proudly on that list.

This type of recognition within our industry showcases the amazing Hoosiers that are part of Team DOR. It also proudly represents the important work we do, the service we provide and our passionate commitment to our fellow Hoosiers.

National Motor Carrier Services Recognition

And our Motor Carrier team continues their reputation as an industry-leading service provider. The Federal Motor Carrier Safety Administration recently completed their review of our Motor Carrier Services division, to evaluate compliance with the congressionally mandated motor carrier service performance and registration program.

Team Indiana reached the highest-level rating, something that FMCSA describes as an unusual achievement. This is highlighted by the fact that Indiana is now only the second state in the nation to achieve this milestone.

We are proud to be the Crossroads of America and a leader in our industry. This recognition is another example of how our work is being recognized by industry experts and customers.

Closing Comments

Tax administration does not work without the care, commitment and passionate work completed by everyone who is part of the complex and consistently changing tax ecosystem.

It takes all of us to make this system work, and we share our genuine appreciation for the professional, collaborative and skilled work of dedicated professionals around the state and country. Thank you for what you do. We give a special shout out and huge thank you to:

- The Indiana CPA Society and all their members, including their Tax Resource Advisory Council. Your partnership with our team and your advice and counsel truly makes us better.
- We also share our appreciation with all the individuals within our partner organizations, including the Indiana Chamber of Commerce, Indiana Payroll Association, Indiana Society of

Enrolled Agents, Indiana Tax Practitioner Association and all tax practitioners across the state. We truly appreciate everything you do to work with our team to serve Indiana and our fellow Hoosiers.

- DOR's Tax Advisory Council continues to be simply outstanding advisors and partners. For over six years, this group of experienced and caring tax professionals has provided our team with invaluable advice, counsel and support on a long list of critical topics. Thanks for helping us on our improvement journey.

Our team wants to give a special shout out to two of our amazing partners. Sherrill is the Vice President of Advocacy for the Indiana CPA Society and somebody our team works with throughout the year. At their annual meeting, Sherrill was bestowed the very prestigious Indiana CPA Society Board Chair Award—truly well-deserved recognition for her care, passion and impactful contributions.

And David Ober is the Indiana Chamber's Vice President of Taxation and Public Finance. David was recently named by the IBJ to their prestigious 40 under 40 list—also a well-deserved recognition of Dave's past, present and future contributions to Indiana's success.

Both Sherrill and David are wonderful examples of caring Hoosiers that pour themselves into serving their organizations and stakeholders—while being impactful leaders in our work to continue making Indiana the great state that it is. Congratulations to you both.

We are concluding FY24 with a sense of pride in the high levels of service we have provided, the improvements we have introduced, our agency's accomplishments and the national recognition we have received as a premier tax administrator and a great place to work.

It is all a testament to our skilled and dedicated team. We are proud of who we are, what we do and who we serve. We are also excited about exploiting the high levels of organizational capability we have created to continue to improve the services we provide for our fellow Hoosiers and tackle the new and exciting opportunities ahead.

Throughout the last 7.5 years, our team has devoted itself to Governor Holcomb's ambitious challenge to take Indiana to the next level. While this aspirational vision is never fully achieved, we are tremendously proud of our progress on this rewarding journey.

Once again, we thank you for your attendance, and we look forward to your comments.

Attachment C: Emailed Comments

Jeffery Rumsey

What is being done to improve notices? The current notices fail miserably. They simply say we changed your return and show some numbers. There is no detailed information to explain why the return was changed. In reality, the return may not have changed at all, but the Department seems to need to send a notice. Usually, there is no conclusion stating how much is owed or will be refunded. They are impossible for the average taxpayer to understand. The old notices were not the greatest, but they were far better than the current ones. I believe DOR has made a lot of improvements in many areas, but notices is not one of them. Please help the taxpayers, professionals and the state by making changes.

Jeffrey M. Rumsey, CPA
Brammer & Yeend PC

DOR Response

Hello Mr. Rumsey. Thank you very much for taking the time to submit your comments and suggested improvements. Continuous improvement is one of our core values and something that has guided us over the last seven years as we have completely modernized our tax systems and service operations. We appreciate you providing additional input. For your information, your comments, along with my response below, will be read at the May 22 hearing.

Tax "notices" are always a hot topic because they are communicating a required tax return correction or issue that needs additional attention. We respect that receipt of a notice is less than desirable, but providing notice of an action we have taken is part of the very complex tax administration process that we are required by Indiana statute to send.

Your suggestion to enhance recomputation notices to include a side-by-side comparison is both common and timely. We have recently initiated a project to analyze the feasibility of providing comparison of return information submitted along with the changed information in certain scenarios. We are currently in the middle of a system infrastructure upgrade, so this project will be considered for prioritization after the completion of this upgrade this fall.

I did want to share a bit more information about our work to find ways to improve tax notices that are generated from our tax administration system.

Over the last two years, we have met with many interested parties, including numerous practitioners, to gather input and suggestions for improving tax notices/letters. We have also researched other state notices to gather best practices. As a result of those efforts, we have implemented numerous changes to continue to improve the content and readability of our notices and letters. Something we have discovered while culling together that feedback and information is that almost everyone has a different idea of how these notices/letters should read and what they should include. For example, some want them to include a lot of detailed information and others don't, including some that don't want notices at all. We have made numerous significant improvements but aligning on the 'perfect' wording for each specific scenario is not feasible, as notices must be applicable to a variety of taxpayers and very

diverse tax scenarios. We will continue our efforts to ensure our notices/letters are compliant with Indiana statute, align with best practices and provide timely and accurate information.

Finally, if you could please provide examples of notices that are trying to communicate an amount owed or refund being issued but have no conclusion or don't state the amount owed or refund forthcoming, that would be very helpful.

Thanks again for taking the time to provide your input. And we also thank you for your positive comments about our team's improvements. We truly appreciate it.

Jim Foltz

1. The 2023 tax year forms included a new two-page format for the Declaration of Electronic Filing, Form IT-8879. For many years, the form was one page.
2. The longer version includes an additional section titled Estimated Payments. Besides this additional section, the spacing of the entire form was spread out significantly into double-spacing rather than single-spacing.
3. It may seem like a small matter to add a second page to the form. Indiana's new format adds millions overall to the total pages filed, handled in signing, and used by taxpayers. Many of whom have printouts they retain, in addition to those kept in tax preparers' files as evidence of signing. The practical consequence of this two-page version of the form has been a burdensome addition to the practical use of the form.
4. The overall length of the IT-40 and required additional schedules has continued to be longer and longer the last several years. Many persons have basic returns that require more pages each year to be filed even for a simple case with one W-2 for earnings. Estimated payments are made by some persons, but by far the majority of taxpayers do not have this particular issue.
5. Please be open-minded about the practical usage of the IT-40 and consider returning to the one-page version of the form. Seeking to keep the length of all the pages within a reasonable limit. The similar form of the IRS always has been and continues to be a convenient one-page format.
6. If the intent is to make it clear exactly what the estimated payment amounts and dates were, then please consider adding the section not to the Form IT-8879 but rather instead as a section at the bottom of Schedule 5: Credits. This would be a useful place to enable users to conveniently see not only the tax withholdings but also the detail of the estimated payments on the same page. The current format of Schedule 5 lists Schedule IN-Donate, which is quite a rarely used schedule for most users. That schedule could be placed elsewhere or have its own form since it is used so less frequently. Thank you for the excellent service the Department continues to provide.

Respectfully,
Jim Foltz
Tax preparer and owner
Housecalls Tax Preparation Inc.

DOR Response

Hello Mr. Foltz. Thank you very much for taking the time to submit your comments and suggested improvements. Continuous improvement is one of our core values and something that has guided us over the last seven years as we have completely modernized our tax systems and service operations.

We appreciate you providing additional input. For your information, your comments, along with my response below, will be read at the May 22 hearing.

The style and layout of the IT-8879 Declaration of Electronic forms is developed by each software vendor. While they comply with certain state requirements, how the form is created and laid out is determined by each software developer. I would direct you to your software vendor to share your feedback on the form's double-spacing and layout. Please note this form is not required to be submitted to DOR. It is for your records.

Tax form and schedule composition and length (including the IT-40) are driven by several factors. These include what is required to be captured, providing crisp but helpful wording for each field, allowing enough space for field contents to be captured and allowing enough space for quality capture of the field data by high-speed imaging and optical character recognition equipment. Additionally, the IT-40 supports the filing for a wide-variety of Individual tax filing scenarios. Keeping these factors in mind, we strive to keep the forms as short and crisp as possible, an aspirational goal that we are always chasing.

If you could, please provide us with a copy of your software provider's IT-8879. They may have chosen to include a space for capturing estimated payments for you and your client, but this is not something we require.

And thank you for your positive feedback about the excellent service our team provides. DOR is comprised of 680 amazing Hoosiers who care deeply about what we do and the service we provide. We have poured ourselves into modernizing our systems and service operations, and it truly makes us smile to hear that partners like you appreciate what we do. Your feedback is truly appreciated, and it fuels our passion to keep it going.

Wayne Uhl

Dear DOR,

I do not plan to attend the annual public hearing, but I would like to submit this comment/question:

I am an individual taxpayer who prepares my own returns. I have used and appreciate the INTIME system which has been a benefit to me in making payments and submitting inquiries which are timely answered. Thank you for INTIME.

My Indiana returns are printed and filed on paper because I do not hire a preparer who can file electronically, I'm not eligible for INfreefile, and I'm unwilling to buy the state upgrade to retail tax software. Also, in some tax years, I have had to file attachments to my return that cannot be accommodated by retail software.

Over the years I have also prepared returns for my adult children, and in particular I've prepared state returns for my child who lived in Pennsylvania and Colorado. Colorado in particular has a robust, user-friendly online filing system that is free to any taxpayer. It walks through their version of the IT-40 including some fairly complex schedules, prompts for different situations, and allows the submission of PDF attachments. Every year I wonder why Indiana has not implemented a universally free online filing system for ease of filing and to reduce the amount of paper returns that must be processed. It would appear that the software is available.

As DOR continues to upgrade its digital capabilities and reduce the volume of paper, I encourage an expedited effort to implement an online filing system that can be used by any individual taxpayer.

Thank you.
Wayne Uhl
Indianapolis, Indiana

DOR Response

Hello Mr. Uhl. Thank you very much for taking the time to share your comments for DOR's FY24 Public Hearing. For your information, your comments and my response will be read at the May 22 hearing.

A special thanks for the positive feedback on INTIME. This secure and feature-rich e-services tool, introduced during our systems modernization, has been a huge hit. We have dedicated teams supporting INTIME and taxpayers that utilize it, and it truly makes us smile to hear our fellow Hoosiers appreciate this new self-service option.

Over 92% of all Hoosier Individual income tax filers file electronically—either using commercial tax preparation software or through their tax preparer. It is unfortunate that you have not found a commercial tax software vendor who can provide you with the service you desire at a price you are comfortable with, but we are here to support Hoosiers who prefer to file via paper forms.

Designing, building, maintaining and supporting an Indiana online filing product would be complex and costly. It would also require support and ongoing funding from Indiana's General Assembly. While those factors may change over time, there is no current plan to build such an offering.

Thank you again for your comments.

Tim Zumbaugh

I am the volunteer treasurer for an organization that holds several fund-raising events each year. Last year Indiana replaced the sales tax exemption form ST-105 with a new form that has been requested online for each vendor that we purchase supplies from. The old form was a blanket form that could be used for all vendors.

The new process with form NP-1 is cumbersome and time-consuming, since we have multiple people purchasing supplies for our fund-raising events and I have to log-in to INTIME and request forms for all these purchases.

I would recommend that Indiana return to a blanket sales tax exemption form to reduce time and effort in compliance.

Tim Zumbaugh

DOR Response

Hello Mr. Zumbaugh. Thank you very much for taking the time to share your comments for DOR's FY24 Public Hearing. For your information, your comments and my response will be read at the May 22 hearing.

This change in the procedure for nonprofits to receive an exemption certificate came as a result of a change made by the 2022 Indiana General Assembly.

Legislation now requires nonprofits to register with the Indiana Department of Revenue, before an electronic exemption certificate can be issued. In conjunction with this legislative change, the procedure for obtaining the new NP-1 was implemented through INTIME for ease and convenience for nonprofits.

Obtaining individual vendor information provides the details required to verify nonprofit exempt purchases. This information is also beneficial in the event of a future audit.

Since this change was implemented, we have received feedback similar to yours from other nonprofit organizations, and we will be using this feedback to explore methods of streamlining this process to be less time-consuming in the future. Thank you again for your comments.

Blake McDaniel

I would like to request if there is an update on the current procedures for sales tax exemptions for nonprofits. The procedures released in 2023 are extremely inefficient and require a large amount of time from me and others in my institution. Is there any thought to making a blanket exemption certificate for organizations that is not publicly available? An example that comes to mind is New York State's sales tax exemptions.

Regards,
Blake McDaniel, CPA
Tax Analyst
University of Notre Dame

DOR Response

Hello Mr. McDaniel. Thank you very much for taking the time to share your comments for DOR's FY24 Public Hearing.

This change in the procedure for nonprofits to receive an exemption certificate came as a result of a change made by the 2022 Indiana General Assembly.

Legislation now requires nonprofits to register with the Indiana Department of Revenue, before an electronic exemption certificate can be issued. In conjunction with this legislative change, the procedure for obtaining the new NP-1 was implemented through INTIME for ease and convenience for nonprofits.

Obtaining individual vendor information provides the details required to verify nonprofit exempt purchases. This information is also beneficial in the event of a future audit.

Since this change was implemented, we have received feedback similar to yours from other nonprofit organizations, and we will be using this feedback to explore methods of streamlining this process to be less time-consuming in the future. Thank you again for your comments.

Nancy Corrie

I think IN DOR does a great job. The online services are very robust, communications are clear, customer service is professional, and returns are processed promptly. I work with many states on tax related issues, and Indiana shines.

Nancy L Corrie
Stillwater Fund Services LLC

DOR Response

Hello Ms. Corrie. Thank you very much for taking the time to share your comments for DOR's FY24 Public Hearing.

DOR is comprised of 680 amazing Hoosiers who care deeply about what we do and the service we provide. We have poured ourselves into modernizing our systems and service operations, and it truly makes us smile to hear that partners like you appreciate what we do.

Continuous improvement is one of our core values and our work to find ways to improve the services we provide never ends. Please know that your positive feedback is truly appreciated. It also fuels our passion to keep it going.

For your information, your comments and my response will be read at the May 22 hearing.

Thanks again.

Attachment D: INCPAS Comments

Tax Resource Advisory Council Comments

Indiana CPA Society

IN DOR Annual Public Hearing

May 22, 2024



Good morning. The Indiana CPA Society appreciates the opportunity to provide feedback and comments for the Indiana Department of Revenue’s annual public hearing. Our members, comprising nearly 7000 CPAs and accounting professionals across the state, play a crucial role in tax administration, compliance, and advisory services. We are committed to working collaboratively with DOR to enhance the efficiency, transparency, and fairness of Indiana’s tax system.

I am Ben Smith, chair of the Indiana CPA Society’s Tax Resource Advisory Council and President & CEO of Estep, Doctor & Company in Muncie and Anderson. I also serve on the Commissioner’s Tax Advisory Council.

As the owner of an Indiana business and advisor to clients who are often small or family-owned businesses, I witness the increased complexities in nearly every aspect of managing a business every day. Helping these taxpayers stay in compliance while balancing the growth and overall success of the business is a daily challenge me and my colleagues enthusiastically tackle. Having worked with you Commissioner Grennes, and your team for seven plus years, I know you share our enthusiasm and goals in making Indiana a great state for businesses to thrive and for Hoosiers to live.

It’s been a pleasure working with Bob and his entire team for all these years. We have a very cordial relationship, and we want the same thing that DOR wants, to serve the Indiana taxpayers in the best possible, efficient, and fair way. We appreciate the opportunity to work with you on a daily basis.

In preparation for this meeting, we gathered input from our members. The following issues were consistently highlighted.

Notices:

- Notices are difficult to deal with because oftentimes, the first thought in a client’s mind is that I did something wrong in preparing their return. Often, neither I nor DOR did anything wrong, as notices are legislatively mandated when any changes are made to the return. Even if it results in no change to the refund or amount due, DOR is required to report that. We support legislation to eliminate or mitigate notices to taxpayers for small adjustments on returns.
 - Establishing a minimum threshold for adjustments before sending notices will help significantly. We look forward to working with your legislative, legal and policy teams.
 - Additionally, adjusting rounding settings to the nearest dollar could reduce the number of minor adjustment notices issued.
 - We have worked diligently with DOR on a number of these notices, many of which are unique, one-off situations that resulted in a notice being generated. We appreciate this work and will continue to do so as members encounter issues.

Ability to accept PDF attachments with electronic return:

- The inability to accept PDF attachments is increasingly a pain point for practitioners and we appreciate the department's efforts to examine other state's capabilities to consider solutions for Indiana.
- We understand the limitations within DOR's system in providing side-by-side comparisons and in allowing pdf attachments and will continue to work with the DOR team to find solutions to these issues. Just as we will on functionality of INTIME.

Denial of credits:

- Concerns have been raised regarding the denial of credits, such as the EDGE credit and the department's ability to match credits like the Venture Capital Investment tax credit to issuing agency numbers.
- At issue, credits are denied, and tax liability is assessed, which then needs to have a second time-consuming process to resolve for the taxpayer. As an example, a member noted: "We were recently told by the practitioner's help desk to fax the hard copy credit letter into their fax line with a letter explaining what we are doing, after we e-File the return, and they will address."
- These denials are again a confusing issue for taxpayers and a time-consuming one for practitioners to go through the resolution process for what should be a seamless process. It should be transparent if additional information from the taxpayer is required to support a credit.
 - The department should request supporting information in advance of the return being filed and should have a streamlined process to include the information with the return.
- A related issue is the department requiring information for PTET filings from taxpayers who do not have access to the return or documents the department requires for support.
- Disallowing credits for taxes paid to other states relates both to the issues with denials and ability to attach PDF issues. Allowing the support documentation to be included when the return is filed is crucial to saving the taxpayer angst and the practitioner valuable time to submit the additional documentation. If DOR cannot allow the functionality to provide support for the credits at the time the return is filed, it seems unfair to automatically deny all credits because support was not provided.
 - DOR could have an internal reevaluation of the effectiveness and cost benefit of this practice including analyzing how often these disallowed credits are subsequently allowed, especially by returns filed by CPAs and consider allowing credits for preparers or taxpayers with a history of claiming this credit.
- Additionally, there is a need for better understanding and training for staff regarding how pass-through entity credits work, especially for multi-tier entities. Credits are often disallowed and referred to the corporate team to resolve. The corporate team requests documentation that does not exist (i.e. - K-1 from the pass-through entity in the name of a shareholder who

is the owner of a lower tier entity). Customer service representatives do not understand why that information cannot be provided and continue to deny the credit.

- We think there is a need for additional support or training on how these credits work and when they should be allowed.

Other issues of note:

- We encourage DOR to revisit the ability to add the ePOA to the traditional POA form. This would be mutually beneficial to DOR and to practitioners as it will allow a quicker way to onboard clients into the member's practitioner portal. The current process is redundant and ineffective as many taxpayers/clients, primarily individuals, do not have an INTIME account and have no desire to open one. Adding this option will increase practitioner's ability to serve more clients in INTIME and will reduce DOR personnel time needed to review and resolve accounts. It will also increase practitioner's ability to respond to notices in a timely manner.
 - We understand the department must protect the taxpayer's information, but we do not see the distinction between a typical POA and an ePOA and would welcome ongoing discussion.
- Electronic filing penalties assessed for clients that cannot file an electronic return. For certain taxpayers (i.e. – Coops), the IRS does not allow certain forms to be e-filed through their MeF platform. As such, the state returns also cannot be e-filed for these clients so both federal and state forms are paper filed. The automatic IT-20 e-file penalty is triggered and assessed by the department. Members who have spoken with agents on the tax practitioner line about this have found CSRs do not understand the issue or are unaware why this is occurring. Members have had difficulties getting these penalties removed through anything other than a courtesy one-time abatement, which is obviously not the preferred method as the penalty should never have been assessed. Additionally, members would like to preserve the taxpayer's right to request a waiver of a penalty in the event an actual penalty is due to the client. In this case, as there is no mechanism for the department to file electronically, no penalty should be assessed.
 - A suggested solution is to turn off the penalty for returns where these forms are filed, or the applicable box (Coop in this example) is checked.
- Additional training is needed for analysts regarding estimated payments. Practitioners have called the tax practitioner line and have been told the penalty was assessed because the taxpayer did not make "4 equal quarterly estimated payments". This has been the consistent answer, even when overpayments in the prior year completely covered the current year' liability or when the carryover covers the first two estimated payments. When this happens, it is difficult and sometimes impossible to resolve the issue or determine why the penalty is assessed. This means the practitioner must call back and forth with an analyst to straighten out something which should never have been an issue.
- Make the payment site for individuals more user-friendly so that all info (name, social security number, county, bank info) remains and additional (future quarter) payments can be made at the same time. The IRS site asks do you want to make an additional payment and allows future quarterly payments without having to reenter all the above-mentioned details.

The Indiana CPA Society is dedicated to supporting the DOR in its mission to administer tax laws efficiently and fairly. We believe that our suggestions will contribute to a more taxpayer-friendly environment, enhance compliance, and benefit all stakeholders. We look forward to continued collaboration and dialogue to achieve these shared goals.

Commissioner, we appreciate your team's efforts in resolving these types of individual and systemic issues and the partnership with the Society. Our members recognize the department's responsiveness to our concerns and regularly mention interactions with DOR's staff as overall positive experiences.

So, it is no surprise that I have the opportunity to congratulate the DOR team again this year for being recognized for the sixth year as an Indy Star Top Workplace award winner! I know how hard the DOR team has worked to maintain this level of service to your stakeholders.

As always, I extend my sincere thanks to you and your team at the department for your considerable efforts and service to Indiana's taxpayers.

Respectfully submitted:

Ben Smith, CPA, CGMA
Chair, Indiana CPA Society Tax Resource Advisory Council

DOR Response

Thank you, Ben. As you know well, our team has built a wonderfully collaborative and open relationship with the CPA Society. We appreciate what you do for your members and for our team.

Our teams work continuously throughout the year to share information, identify and resolve specific issues, introduce improvements for your members and implement very complex legislation—like special credits, PTET, e-filing mandates and a myriad of other tax administration challenges that we are tasked to address.

We have provided you with multiple channels to have questions answered and provide input into potential improvements. And CPA Society input and feedback have been key to many improvements we have implemented.

As we do throughout the year when you raise topics for review, we look forward to analyzing each one you presented today. Some of these have been presented, discussed and directly addressed before, but we will respond in writing regardless, clarifying the facts around each.

The topics you have raised effectively represent the high-volume, high-complexity and high-variability tax ecosystem we all work within. Some reflect unique scenarios that have interrelated components that can trip up everyone in the process. We commit to working together to help everyone improve their processes and knowledge of the associated complexities.

The 680 dedicated Hoosiers on Team DOR pour themselves into this complex work every day—and the levels and quality of service we provide have continuously reached new heights over the last few years.

The nature of what we do provides a never-ending opportunity for improvement for all participants in the tax ecosystem. Thanks to you, and everyone we work with, for staying on that journey with us.