

Indiana Department of Revenue

2013 General Update

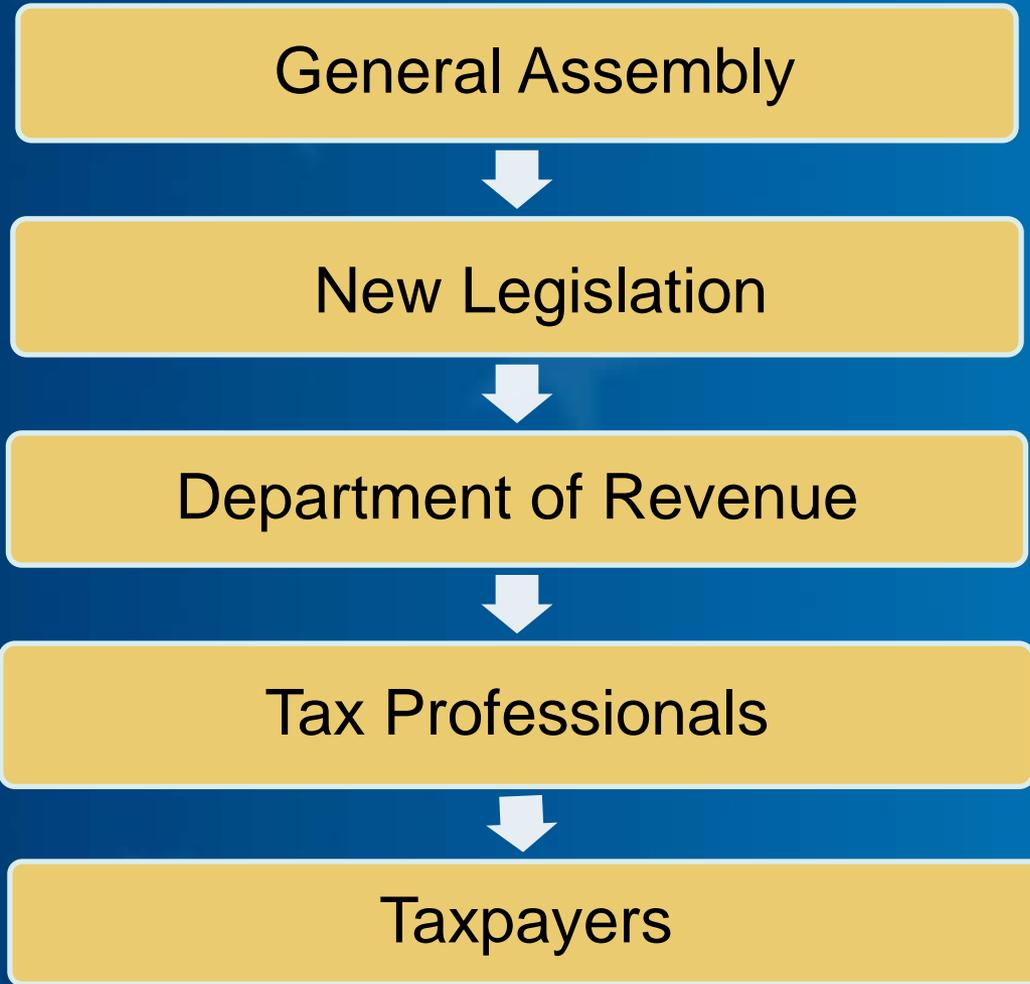


Program Forecast

- Mission
- 2012 Filing Season
- New Legislation
- Business eMandate
- Tips & Review



The Process



Our Mission

To collect the legally required taxes in a fair, consistent, and efficient manner and to provide accurate, timely, and reliable funding and information to state and local constituents.



Taxes Administered by the Indiana Department of Revenue

- Aircraft License Excise
- Alcoholic Beverage
- Auto Rental Excise
- Cigarette
- Commercial Motor Vehicle Excise
- Controlled Substance Excise
- Corporate Income
- County Adjusted Gross Income
- County Economic Development Income
- County Innkeeper's
- County Option Income
- Environmental
- Estate
- Fiduciary
- Financial Institutions
- Fireworks
- Food & Beverage
- Fuel
- Gasoline
- Generation Skipping Transfer
- Hazardous Waste Disposal
- Individual Income
- Inheritance
- Malt Beverage
- Marine Fuel
- Marion County Admissions
- Motor Carrier Fuel
- Motor Carrier Surcharge
- Motor Vehicle Excise
- Pari-mutual Admissions
- Pari-mutual Wagering
- Petroleum Severance
- Prepaid Sales
- Public
- Public Utility (Railroad Car Companies/Railroads)
- Riverboat Admissions
- Riverboat Wagering
- Sales & Use
- Tire Fee
- Tobacco
- Utility Receipts
- Withholding



Part 1

Looking Back at

2012 FILING SEASON



Record Processing Season

- As of April 25, the department processed more than 2.85 million individual tax returns, which represent about 88% of expected filings and 36,000 more filers than last year, a full week earlier than last year.
- This year about 79% of returns were filed electronically. More than 116,000 were filed using INfreefile.
- The Returns Processing Center (RPC) had its best tax year on record this year. In just one day, RPC employees processed almost 17,000 individual returns.



Record Processing Season

- The department had set a goal of handling 1,750 incoming individual phone calls with minimal deflections and abandoned calls on April 15. The department exceeded its goal by 343 calls.
- Handled 2,093 individual income tax calls, breaking the department's record for the due date and exceeded last year's tax day figures by 33%.
- On April 15, each district office assisted an average of 200 walk-in taxpayers, and some assisted more than 300 walk-ins. District offices also answered more than 600 phone calls that day.



Feedback

We are continually striving to provide better customer service and welcome any ideas or suggestions that you want to share with us:

- Form changes
- Website suggestions
- Department interaction

Email us at feedback@dor.in.gov



Part 2

NEW LEGISLATION



New Legislation

The following highlights some of the key changes to Indiana's tax laws, listed by tax type.

Please visit the department's Legislative Summaries webpage www.in.gov/dor/3656.htm.



Individual Legislative Changes



New Legislation

Individual AGI Tax

- For tax years 2015 and 2016 individual income tax rate reduced to 3.3%
- For 2017 and after rate reduced to 3.23%
- A new tax refund check-off for the funding of public education for K–12
 - Effective Jan. 1, 2015



New Legislation

Individual AGI

The following addbacks were eliminated for purposes of determining adjusted gross income:

- Qualified restaurant property
- Qualified leasehold property
- Qualified retail improvement property
- Seven-year property for a motorsports entertainment complex

Retroactive to Jan. 1, 2012



New Legislation

Individual AGI Addbacks Eliminated

- Charitable contribution of a distribution from an individual retirement plan
- Qualified tuition and related expenses
- Qualified advanced mine safety equipment
- Qualified transportation fringe benefits that exceed \$100 per month

Retroactive to Jan. 1, 2012



New Legislation

Individual AGI Tax

The following addbacks were eliminated for purposes of determining adjusted gross income:

- Expensing of environmental remediation costs
- Certain expenses of elementary and secondary school teachers (aka educator expenses)
- Employer-provided education expenses

Retroactive to Jan. 1, 2013



New Legislation

Individual AGI Tax Addbacks Eliminated

- Additional deduction for student loan interest
- Additional business startup expenditures
- RIC dividends to nonresident aliens
- Oil and gas well depletion deduction
- Qualified electric utility amortization

Retroactive to Jan. 1, 2013



Corporate Legislative Changes



New Legislation

Corporate AGI Tax

The following addbacks were eliminated for purposes of determining adjusted gross income:

- Qualified restaurant property
- Qualified leasehold property
- Qualified retail improvement property

Retroactive to Jan. 1, 2012



New Legislation

Corporate AGI Tax Eliminated Addbacks Continued

- Seven-year property for a motorsports entertainment complex
- Qualified advanced mine safety equipment
- Qualified transportation fringe benefits that exceed \$100 per month
- Net recognized built-in gain for an S corporation

Retroactive to Jan. 1, 2012



New Legislation

Corporate AGI Tax Eliminated Addbacks Continued

- Expensing of environmental remediation costs
- Additional business startup expenditures
- RIC dividends to nonresident aliens
- Oil and gas well depletion deduction
- Qualified electric utility amortization

Retroactive to Jan. 1, 2013



New Legislation

Corporate AGI Tax Eliminated Addbacks Continued

- Section 1367(a)(2) adjustment of basis of the stock of shareholders
- Section 897(h)(4)(A)(ii) regulated investment companies qualified entity treatment
- Section 512(b)(13)(E)(iv) modification of tax treatment of certain payments to controlling exempt organizations

Retroactive to Jan. 1, 2013



County Taxes



New Legislation

County Taxes

- New effective dates for ordinances adopted to impose, increase, decrease, or rescind a local option income tax:
 - An ordinance adopted after Dec. 31 and before Sept. 1 takes effect on Oct. 1.
 - An ordinance adopted after Aug. 31 and before Nov. 1 takes effect on Jan. 1 of the following year .
 - No ordinance may be adopted Nov. 1 through Dec. 31.

Effective July 1, 2013



New Legislation

County Taxes

- County tax schedules for the IT-40 and IT-40EZ filers (CT-40, CT-40EZ) modified to eliminate section 2, which was used by Lake County residents who worked in a different Indiana county.
- Section 2 remains on the CT-40PNR for part- and full-year nonresident use.
- The planned-for Lake County municipal designation information is not required and has been removed from the county tax schedules.



New Legislation

County Taxes

- Lake County has adopted a .015 resident rate (.005 nonresident rate).
- A prorated rate of .00375 resident rate (.00125 nonresident rate) will be used for figuring Lake County tax on the 2013 income tax returns.
- Lake County FAQs available at www.in.gov/dor/files/lake-county-loit-faqs.pdf.



Sales and Use Tax



New Legislation

Sales and Use Tax

- **Eliminated:** Requirement that an aircraft be registered in another country and weigh more than 5,000 pounds to be eligible for the sales tax exemption concerning the repair, maintenance, refurbishment, remodeling, or remanufacturing of an aircraft or avionics system.

Effective July 1, 2013



New Legislation

Sales and Use Tax

- Amnesty program for taxpayers having an unpaid use tax liability for a claiming transaction concerning a race horse on a transaction occurring before June 1, 2012

Effective July 1, 2013



New Legislation

Sales and Use Tax

- For amnesty, taxpayer must pay the tax or make payment agreement before Jan. 1, 2014
- If payment is made, the department will
 - Abate all penalties, interest, collection fees, costs
 - Release any liens
 - Not seek civil or criminal prosecution
 - Not issue any assessment for which the amnesty has been granted

Effective July 1, 2013



New Legislation

Sales and Use Tax

- Enacts a use tax on gasoline and repeals the sales tax on gasoline. Provides that the use tax rate is calculated monthly by the department based on 7% of the statewide average retail price of gasoline excluding all state and federal excise taxes.
- A qualified distributor, a refiner, or a terminal operator that sells gasoline to a retail merchant is responsible for collecting and remitting the gasoline use tax to the department.

Effective July 1, 2014



New Legislation

Sales and Use Tax

- Separately stated postage charges for mail or parcel delivery through the United States is exempt from the application of sales tax.
- A postage charge is postage paid to the US postal service. UPS or FedEx charges are not a postage charge.

Effective July 1, 2013



Other Taxes



New Legislation

Inheritance Tax

- The inheritance tax has been repealed for deaths occurring after Dec. 31, 2012.
- The inheritance tax refund statute (IC 6-4.1-10-1) has been amended, including the requirement to use the refund claim form prescribed by the department (Form IH-5).

Effective Jan. 1, 2013, retroactive



New Legislation

Financial Institutions Tax

Financial institutions tax rate change

- Reduced from 8.5% to 8.0% for taxable years beginning after Dec. 31, 2013
- Continue to be reduced by 0.5% for each year until Jan. 1, 2017
- Jan. 1, 2017 the rate will be 6.5%

Effective July 1, 2013



New Legislation

Financial Institutions Tax

The following addbacks have been eliminated for purposes of determining adjusted gross income:

- Qualified restaurant property
- Qualified leasehold property
- Qualified retail improvement property
- Seven-year property for a motorsports entertainment complex

Retroactive to Jan. 1, 2013



New Legislation

Financial Institutions Tax Eliminated Addbacks

- Expensing of environmental remediation costs
- Qualified advanced mine safety equipment
- Additional business startup expenditures
- Net recognized built-in gain for an S corporation

Retroactive to Jan. 1, 2013



New Legislation

Special Fuel Tax

- Truck stop owners must obtain a truck stop owner's license from the department.
- The license is valid for two years.

Effective July 1, 2013



New Legislation

Aviation Fuel Tax

- Aviation fuel excise tax enacted.
- Tax is \$0.10 per gallon for fuel purchased in Indiana.
- Retailers add the tax to the selling price of each gallon of fuel sold.

Effective July 1, 2013



New Legislation

Aviation Fuel Tax

Exempt if fuel is supplied to:

- Aircraft owned by the U.S.
- U.S. instrumentalities
- State of Indiana
- Indiana Air National Guard
- Common carrier of passengers or freight

Effective July 1, 2013



New Legislation

Other Tobacco Products Tax

- Any person selling other tobacco products through an Internet website must remit the other tobacco products tax.
- Any person selling other tobacco products through an Internet website must obtain a distributor's license.

Effective July 1, 2013



New Policy

Nonresident Shareholder/Partner Withholding

- A nonresident shareholder or partner can opt out of the composite filing.
- If the nonresident individual shareholder or partner has filed the opt-out affidavit with the S corporation or partnership to opt out of the composite filing, he should file Form IT-40PNR.

Retroactive to Dec. 31, 2012



New Policy

Nonresident Shareholder/Partner Withholding

- The shareholder or partner must claim credit on that return by enclosing Form WH-18 for amounts withheld by the S corporation/partnership from his share of income.
- Amounts withheld from nonresident individual shareholders or partners included in the composite return should be included in the remittance with Form IT-6WTH.

Retroactive to Dec. 31, 2012



New Legislation

School Scholarship Credit

- Can be carried forward for nine years after the unused credit year
 - Retroactive
 - Effective Jan. 1, 2013
- Cap on annual ceiling increased from \$5 million to \$7.5 million
 - Effective July 1, 2013



New Legislation

Corporate Headquarters Relocation Credit

- Qualifications for the Headquarters Relocation Credit have changed.
- Definition of “corporate headquarters” expanded to include:
 - Principal offices of a division or similar subdivision of an eligible business
 - Research and development center of an eligible business

Effective July 1, 2013



New Legislation

Corporate Headquarters Relocation Credit

- Annual worldwide revenue requirement of a business that wants to claim the credit reduced from \$100 million to \$50 million



New Legislation

Miscellaneous

- A vacant industrial facility no longer has to be vacant for at least one year for Industrial Recovery Credit.
- The Coal Combustion Credit is repealed.

Effective July 1, 2013



New Legislation

Miscellaneous

- A nonprofit organization that is not organized for social purposes can purchase accommodations exempt from the sales tax if the accommodations are used to carry on or raise money to carry on its nonprofit purpose.

Effective Jan. 1, 2014



Part 3

BUSINESS eMANDATE



e-File Mandate

- All sales taxes and withholding taxes **MUST** be filed and remitted electronically.
- Passed into law by 2012 General Assembly.
- Primary method: INtax.
- Reminder: No more coupons (except with approved exemptions).
- Contact the department at (317) 232-2337 to request an exemption form.



INtax is for Practitioners

- Securely correspond with the department
- Register and edit multiple clients
- View and print a current client list
- Schedule payments up to 30 days ahead
- File a zero return to avoid BIA
- Make a separate payment for each client or pay multiple client accounts through bulk payment upload
- View client's payment and return history at any time



INtax is for Practitioners

- Aviation fuel tax
- Retail sales tax
- Withholding tax
- Fuel tax
- Special fuel tax
- Tire fee
- Prepaid sales tax
- Metered pump
- Type II gaming
- Wireless prepaid
- Gasoline distribution tax
- Streamline sales tax



INtax is for Practitioners

- Client not required to be registered with INtax before a practitioner can add the client
- Client has option to register for INtax to view account information, as well as view practitioner activity
- Client is notified that a practitioner is managing his state taxes using INtax
- Survey says: **91** percent of current users satisfied and would recommend INtax to others



INtax Assistance

Online tutorials available for businesses:

- Registration
- Register for electronic funds transfer
- File sales tax
- View account
- View messages
- File withholding
- Make a payment
- Manage privileges

www.intax.in.gov/Web/Tutorial/index.htm



INtax Assistance

Online tutorials available for service providers:

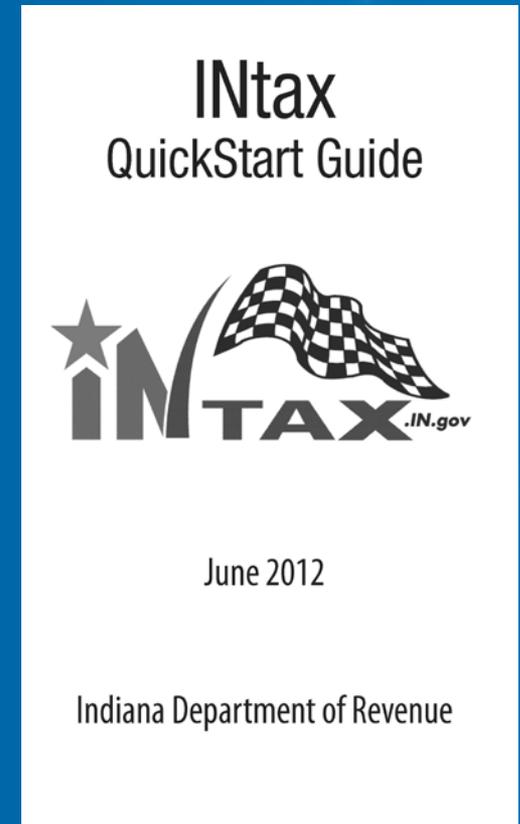
- View clients
- Bulk file
- Manage security

www.intax.in.gov/Web/Tutorial/index.htm



INtax Assistance

- Special Hotline: 317-232-2337
- INtax QuickStart Guide
- INtax FAQ
- INtax Online Tutorials
- www.intax.in.gov



Part 4
TIPS



Tips

INfreefile

- INfreefile continues for 2014
- Multiple vendors
 - State and federal free
 - State only free (must complete federal information)
- Limits on AGI, age, etc. will apply
- Supports EIC filing
- www.freefile.dor.in.gov



Tips

- Income statements must be included with a paper return to claim Indiana credit for state and/or local withholding
 - W-2s
 - WH-18s
 - 1099s
- Do not send W2s with information on the front and back; single sided withholding statements only



Tips

- If you have electronically filed and are planning to send in a paper check, **submit a PFC.**
- Anytime a payment is received without a PFC, there is an opportunity for the department to misapply the payment, which will cause processing delays.
- To avoid delays, payments can be made electronically at www.in.gov/dor/epay.



Tips

- Do not black out the 1D barcode found at the bottom of forms.
- Make sure that copies of forms are readable.
- Ensure all forms submitted for a taxpayer are of the same type:
 - CT-40PNR with IT-40PNR
 - Schedule 7 with IT-40



Tips

- Use returns provided by DOR or certified tax preparation software.
- Ensure that your tax preparation software is updated regularly
 - Older versions do not contain the most current county tax rates or form versions.
 - Using old information or forms will likely slow processing time.



Tips

- Encourage your clients to select direct deposit for their individual income tax refunds.
- Check refund status by:
 - Visiting www.in.gov/dor/4339.htm
 - Calling 317-232-2240



Tips

- Returns and payments should only show a valid and complete TID:
 - Do not use “applied for” or FIDs in the TID field.
- No specific account information on a business will be given without having a valid POA on file.
- Trust tax returns must be submitted online.
- The department will no longer accept faxed tax returns of any type.



ePay

- Liability balances
- Make payment online for balance due
- Make payment online for one or more liabilities or cases (**don't forget to use the case number**)
- Manage estimated tax installment payments or view payment history
- Schedule an eCheck payment for up to 90 days in the future

www.in.gov/dor/epay



Payment Plan Tool Online

INtax Pay

- Pay in full or set up payment plan for IND liability:
 - 20% down
 - Must owe > \$100
 - Need case ID found on bill

www.intaxpay.in.gov



Payment Plan Tool Online

INtax Pay

- Individual taxpayers who owe less than \$100 can call the department at **(317) 232-2165** to see if they qualify for a special-case payment arrangement for a three-month duration.



Change of Address

- Did you know you can change the address found on your individual and business account on our website?
 - Individual: www.in.gov/dor/3795.htm
 - Business: www.in.gov/dor/3788.htm



Mailing Instructions

Returns with 2D barcodes are no longer mailed to separate address

- IND returns with payments:
 - P.O. Box 7224 Indianapolis, IN 46207-7224
- IND returns without payments:
 - P.O. Box 40 Indianapolis, IN 46206-0040
- IND correspondence:
 - P.O. Box 7207 Indianapolis, IN 46207-7207



Mailing Instructions

- WH-3 when claiming refund:
 - P.O. Box 7220
Indianapolis, IN 46207-7220
- All other WH-3 returns:
 - P.O. Box 6108
Indianapolis, IN 46206-6108

Additional P.O. Boxes can be found at
www.in.gov/dor/3484.htm



Power of Attorney Form (POA-1)

- This form has been updated recently and now provides greater flexibility.
- Features asterisks next to all of the fields that are required
- Department signed a MOU with service providers Paycor and ADP
- Under MOU, Paycor and ADP have each submitted a “limited service provider POA” that lists the authorized agents who may contact the department to discuss their client’s tax issues.



Power of Attorney Form (POA-1)

- You may submit the form by:
 - Fax: 317-625-2605
 - Mail: Indiana Department of Revenue, P.O. Box 7230, Indianapolis, IN 46207-7230



2014 Due Date Table for Individual Income Tax Filers

April 15, 2014	IT-40, IT-40EZ, IT-40PNR, IT-40RNR, IT-40ES / ES-40 (1st installment), IT-9
June 16, 2014	IT-40ES / ES-40 (2nd installment); IT-9 state extension filing due date
June 30, 2014	SC-40; IT-40, IT-40PNR filing due date if claiming unified tax credit for the elderly without having a federal extension
Sept. 15, 2014	IT-40ES / ES-40 (3rd installment)
Nov. 17, 2014	State filing due date if filing under federal extension
Jan. 15, 2015	IT-40ES / ES-40 (4th installment)



Video Library Site

- The department covers the following topics:
- INtax
- INFrefile
- Refunds
- Extension of time to file
- Avoid delays

www.in.gov/dor/4844.htm



Video Library Site

Video Library - Extension of Time to File

Indiana Department of Revenue



Extension of Time to File

Click on the video start button to begin. Or select another video to view by clicking on one of the links below.

 INTax	 View all INTax tutorials	 INfreefile	 Refunds	 Extension of time to file
				

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- Tax Dispatch www.in.gov/dor/3659.htm
- Register for our subscription service to receive emails when website is updated

Click

Sign up to receive
e-mail and wireless
updates from DOR



Contact Us

Subject	Phone or Website
Practitioner Hotline	800-462-6320 enter code 4367
Online Inquiry Center	www.in.gov/dor/3863.htm
INtax Hotline	317-232-2337
e-file Questions	317-232-0059
Streamlined Sales Tax	317-233-4015 or www.in.gov/dor/3341.htm



Questions and Discussion

