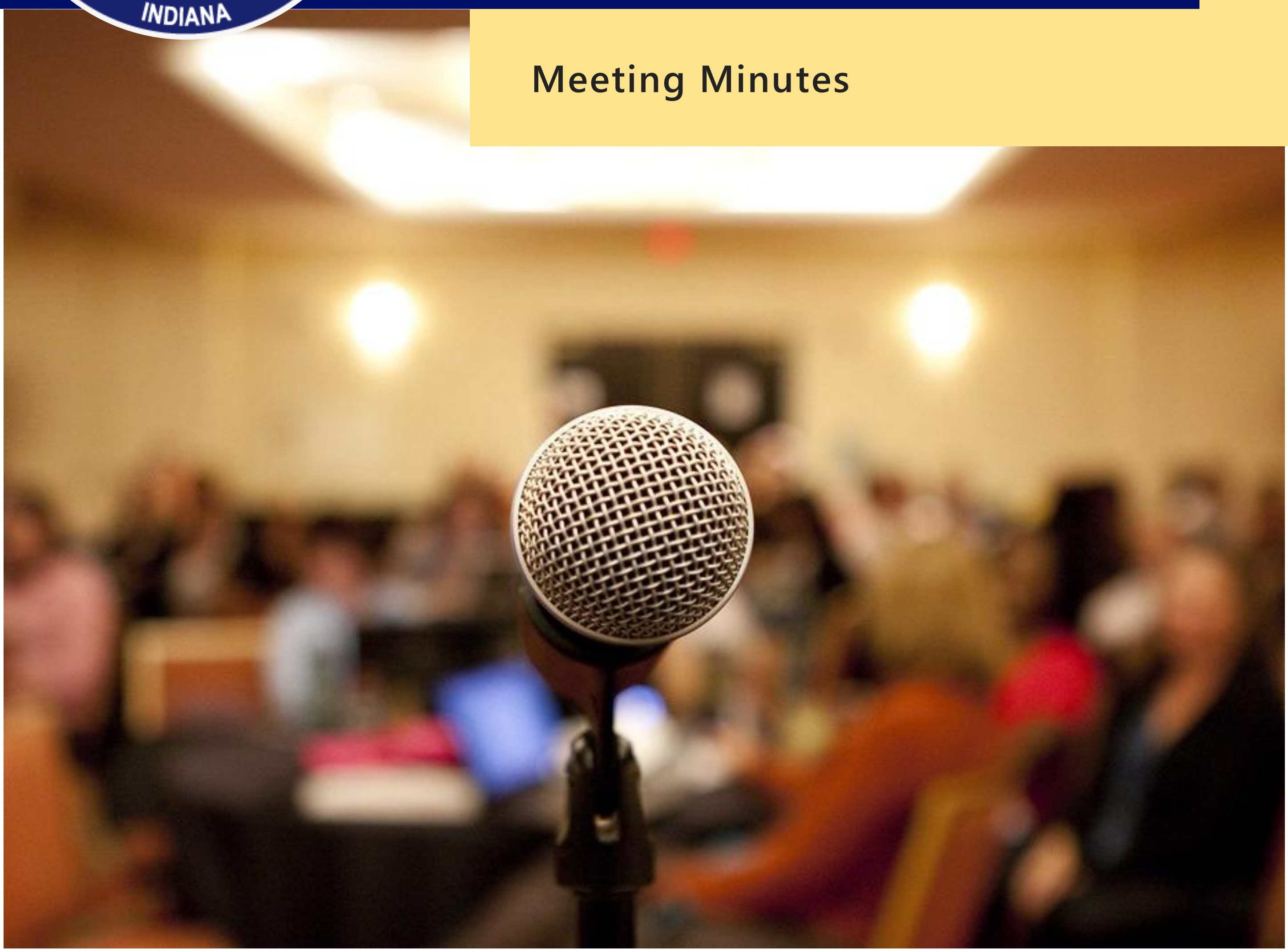
# 2026 Annual Public Hearing

## Meeting Minutes



Last revised: May 2026

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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 19, 2026, at 9 a.m. ET in Conference Room D of the Indiana Government Center South Building in Indianapolis and online.

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.

Attendees representing the Indiana Department of Revenue included, but were not limited to:

- Commissioner, Kevin Gulley
- General Counsel, Chris Russell
- Chief Financial Officer, Ed Vance
- Executive Director of Operations & Chief Information Officer, Emily Wann
- Executive Director Audit Operations, Steve Combs
- Executive Director Business Systems Support, Mark Ashworth
- Taxpayer Rights Advocate & Executive Director of Customer Experience, Tamara Wolfe
- Agency Initiatives Manager, Nancy Tyree

Other attendees:

- Sherrill Rude, Indiana CPA Society
- Maggie Wimberly, Habitat Indiana
- Kyle Simmerman, BCBG
- Amy Zimmer, KSM
- Tyler Macik, KSM
- Mark Dutton, Dutton Legal Group
- 5 additional in-person attendees and 66 online attendees

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|---|---|
| 9:00 a.m. | Call to order and opening statement by Nancy Tyree (See Attachment A) |
| 9:02 a.m. | Commissioner remarks by Kevin Gulley (See Attachment B) |
| 9:11 a.m. | Call for Comments (See Attachment C) |
| 9:12 a.m. | Comments from Kyle Simmerman |
| 9:16 a.m. | Comments from Mark Dutton |
| 9:27 a.m. | Comments from Maggie Wimberly |
| 9:30 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.

Several taxpayers emailed comments to us prior to today's meeting or have notified us that they plan to make comments in-person today. After the Commissioner's opening remarks, we will call our in-person guest speakers up to address the room, one at a time. We will include all comments received before and during the hearing, along with our formal responses to these comments in the meeting minutes, which will be available on our website as soon as possible, following the hearing.

Now, it is my pleasure to introduce the Commissioner of the Indiana Department Revenue, Kevin Gulley.

# Attachment B: Commissioner Remarks

Good morning, and welcome to the Indiana Department of Revenue's Fiscal Year 2026 Annual Public Hearing.

My name is Kevin Gulley, and I'm honored to serve as the Commissioner of the Department of Revenue (DOR) and a member of our exceptional team—comprised of more than 595 dedicated Hoosiers working across 12 locations throughout Indiana.

Joining me today are several members of our Executive Team and other valued colleagues. This annual hearing is an important opportunity for us to provide updates on our progress—and, more importantly, to listen to the input of our fellow Hoosiers.

We sincerely thank everyone here today, both in person and watching online. As Nancy stated, and has been our practice, we will respond to all public comments in the meeting minutes, which will be available on our website, and sent to all commenters as soon as possible after the hearing.

In addition to today's hearing, there are many ways to connect with us—through our INTIME e-services portal, by phone, or by setting up an appointment at one of our district offices. Our website is a valuable resource, offering helpful newsletters, tax forms, policy guidance, FAQs, and self-service tools. It's also where you can sign up for INTIME and learn more about our services.

## A Look Back at the Past Year

Since our last public hearing in May 2025, our team has worked closely with Governor Braun's office, the Indiana General Assembly, other state agencies, and partners across the tax landscape to manage our operations and serve millions of individuals, families, and businesses. DOR administers 65 tax types, licenses, fees, and permits—collecting over $29 billion in tax revenue annually.

Some highlights from FY 2026 include:

- Successfully completing the current Individual Income Tax season and preparing for the next.
- Supporting the 2026 Legislative Session by collaborating on major tax law changes. Our Legislative Synopsis is published on our website, and we are actively implementing the new changes.
- DOR's Taxpayer Advocate Office has updated its Offer in Compromise settlement process including streamlined forms, a new guide and informational page on our website, and improved communication between the applicants and DOR throughout the process.
- Also, DOR is preparing to administer the upcoming Amnesty program that will run from July 15 through Sept. 9. This program will offer Hoosier taxpayers a limited-time opportunity to pay past-due, eligible taxes and receive a waiver of related penalties, interest, and collection fees. Those with eligible liabilities will be able to submit a one-time payment or set up a payment plan to resolve any outstanding debt and return to compliance. Additional information can be found at the Amnesty information site, taxamnesty.in.gov.

## Individual Income Tax Season Results

As of today, we've processed 3.3 million individual tax returns and issued over 2.2 million refunds—totaling $848 million.

- **Electronic returns**: 95% of refunds were approved in under 14 days, with an average turnaround of just 5 days—well ahead of our 14-day goal.
- **Paper returns**: Despite the added processing steps, 99% were approved within 60 days, with an average of just 12 days.

Hoosiers with questions about tax season can create an INTIME account, call us, or set up an appointment at one of our district offices for personalized assistance.

## Beyond Individual Taxes

In the past year, DOR has also:

- Processed over 3.6 million business returns and 277,000 corporate returns.
- DOR has continued to invest in robust cybersecurity and fraud prevention—blocking or adjusting over $19 million in attempted refund fraud and/or refund adjustments so far this tax season alone.
- Delivered excellent customer service, including:
    - Serving over 63,000 walk-in customers,
    - Answering over 421,000 phone calls,
    - And responding to over 61,000 INTIME messages.
- Our Taxpayer Advocate Office has accepted 370 offers in compromise settlements and completed 1,282 hardship cases.

Our Customer Service teams continue to provide targeted support to meet the unique needs of our partners and constituents.

## Motor Carrier Services

Our Motor Carrier Services team continues to lead in service excellence:

- Registered over 750k power units and 800k trailers placing Indiana as the leader, by a factor of three over all other jurisdictions,
- OSOW permitting trending upward to 452K—placing Indiana as a top 3 or 4 among all jurisdictions issuing permits.

The MCS team works closely with partners such as INDOT, BMV, Indiana State Police, and national organizations to ensure compliance and safety in this vital sector.

## Education, Outreach, and Internal Excellence

We've expanded our tax law education, compliance assistance, and outreach initiatives. Specialized units across DOR help Hoosiers navigate their filing and payment responsibilities effectively.
Behind the scenes, our legal, policy, IT, finance, audit, and training teams have also had a strong year, advancing processes and supporting continuous improvement across the agency.

## Recognition & Workplace Culture

We’re also especially proud of our workplace culture. DOR has received numerous honors, including: Being named a 2026 IndyStar Top Workplace for the eighth consecutive year and a 2026 Top Workplace nationally for the sixth consecutive year.

These awards reflect what it *feels* like to be part of Team DOR—and the pride we take in serving Indiana.

## In Closing

We are grateful to everyone involved in Indiana’s tax landscape—from individuals and businesses to our valued partners. Special thanks to the Indiana CPA Society and its Tax Resource Advisory Council, as well as the Indiana Chamber of Commerce, Indiana Payroll Association, and tax professionals statewide.

Thank you for working with us to make tax administration better for all Hoosiers. We’re proud of what we’ve accomplished and excited about the journey ahead.
We look forward to hearing your feedback today.

# Attachment C: Spoken & Written Comments

## Comments from Kyle Simmerman

**Tax Resource Advisory Council Comments**
**Indiana CPA Society**
**IN DOR Annual Public Hearing**
**May 19, 2026**

Good morning, Commissioner Gulley and members of the DOR team.

My name is Kyle Simmerman. I'm a Partner at BGBC Advisory LLC in State Tax Services here in Indianapolis, and a member and former chair of the Society's Tax Resource Advisory Council.

The Indiana CPA Society values the opportunity to participate in the Department of Revenue's annual public hearing. Representing nearly 6,000 current and aspiring CPAs and related professionals, the Society is dedicated to transforming business in Indiana. Our members are committed to supporting efficient, effective, and fair tax administration for all Hoosiers, and to fostering a strong business environment for all businesses that call Indiana home.

Commissioner Gulley, our collaboration with you through the Society spans nearly two decades, and I have personally worked with you for most of that time. We appreciate your institutional knowledge, your focus on innovation, and your commitment to serving both taxpayers and practitioners. The positive and strong working relationship you foster with tax practitioners is invaluable and clearly reflected in the daily interactions we have with the DOR team.

Together, we have tackled a range of major projects in recent years, addressing systemic issues as they arise. Just as important is our ability to resolve smaller or individual issues that may affect taxpayers or practitioners. The Indiana CPA Society's capacity to reach out to Nancy Tyree, have a team of subject matter experts assess and trace concerns, and provide timely resolutions is critical to our success in representing taxpayers. The dedication of these staff teams is greatly appreciated by our members and the taxpayers they represent.

Additionally, our members consistently highlight the importance of relationships with staff at District Offices. These local contacts are especially valuable when addressing urgent taxpayer issues and serve as an essential resource for the taxpaying community.

We appreciate ongoing efforts to improve notices and look forward to the upcoming side-by-side column comparison feature anticipated in early 2027. We are grateful for the continued attention to potential emerging issues associated with the implementation and application of PTET credit including being able to apply overpayments to the next tax year liability.

Our members continue to provide important feedback, particularly around ways to improve clarity, reduce administrative burdens, and streamline communications. We appreciate our shared mission to create the best possible experience for Indiana taxpayers and those who serve them. And we're confident that, under your continued leadership, we can keep making meaningful progress.

Moving forward, we remain fully committed to a proactive, solutions-focused partnership. We recognize that ongoing modernization, evolving taxpayer expectations, and increasingly complex compliance requirements will always present new challenges. However, the relationships we have built—grounded in transparency and mutual respect—equip us to address these challenges effectively.

On behalf of the Indiana CPA Society, thank you for your ongoing partnership and for the department's dedication to serving Hoosiers with professionalism and integrity. We look forward to the achievements we will realize together in the coming year.

Respectfully submitted,
Kyle Simmerman, CPA
Indiana CPA Society Tax Resource Advisory Council Member

## DOR Response

We appreciate the Indiana CPA Society's continued partnership with our agency. This comes in many valuable forms, including correspondence with your Vice President of Advocacy Sherrill Rude, regular meetings with your Tax Resource Advisory Council, and through comments like these at our Annual Public Hearings. We look forward to working with your members on future initiatives, such as improving notices and PTET overpayment options, both of which will require ongoing planning and discussion before potentially being implemented. As addressed in these comments, we know there will always be challenges on the horizon, but we are better prepared to face them through your partnership. The tax practitioner community is a vital part of our ability to serve Indiana taxpayers, and we value your continued feedback.

# Comments from Mark Dutton

**Letter Submitted by Mark Dutton on April 22, 2026**
Dear Commissioner Gulley:

I write on behalf of Dutton Legal Group LLC and the Indiana taxpayers we represent before the Indiana Department of Revenue. The Annual Public Hearing required by IC §6-8.1-14-1 is scheduled for May 19, 2026. I intend to present testimony at that hearing addressing the systemic concerns identified below. I am writing in advance to provide DOR an opportunity to respond in writing before that date, and to make clear that I will reference both these questions and the presence or absence of responses in my testimony.

I request written responses to each of the following items by May 10, 2026. Responses should be directed to me at the address below. If a written policy does not exist with respect to any item, please state that expressly.

I. Identity, Authority, and Organizational Placement of "Payment Services"
The September 2025 revision to DOR's Offer in Compromise guide (FS-OIC-Complete-Book-Fillable-9-25.pdf) codified for the first time that business tax OIC applications "may not be considered for an OIC unless all options have been exhausted with our Payment Services department." The entity referred to as "Payment Services" is also referenced on DOR's Collection Stages page, which directs written correspondence to "Payment Services, Attention: Correspondence," P.O. Box 595, and on the Taxpayer Advocate Office webpage, which describes TAO as handling complex problems for customers who have "already talked to Customer Service or the Payment Services Division."

Payment Services does not appear as a separately identified unit on DOR's March 2026 Executive Team organizational chart, and DOR's published materials do not clearly identify its formal leadership, authority, or organizational placement. It is unclear from public sources whether Payment Services is housed within Customer Service, Tax Liability Management, or another unit entirely. What is clear is that an unidentified, apparently unnamed organizational unit—without a publicly identified director, defined scope of authority, or place on DOR's executive chart—now serves as a mandatory prerequisite to a taxpayer accessing the Taxpayer Rights Advocate's OIC program.

*Request:*

(a) Please identify the formal name, organizational placement, and current leadership of the unit DOR refers to as "Payment Services."
(b) Please identify what standard determines that a taxpayer has "exhausted all options" with Payment Services for purposes of OIC eligibility, and provide the written policy governing that determination.
(c) Please explain how this prerequisite is consistent with IC §6-8.1-11-3(a)'s mandate that TAO act as an intermediary for problems not resolved through normal administrative channels.

II. TAO's Statutory Duty to Identify Systemic Problems and Publish Recommendations
IC §6-8.1-11-3(b)(2) requires the Taxpayer Rights Advocate Office to "identify statutes and regulations as well as policies and practices of the department that might inhibit the equitable treatment of taxpayers, and recommend alternatives to the commissioner." In DOR's written response to my May 2025 hearing testimony, DOR stated that TAO "regularly fulfils all statutorily required duties," that recommendations are made to the commissioner and legislative team, and that DOR would consider

publishing those recommendations more widely. DOR also publicly confirmed at that hearing that Tamara Wolfe was officially appointed Taxpayer Advocate on May 22, 2024, and reappointed effective May 22, 2025. Twelve months after that commitment, I have not located any publicly posted TAO recommendations on DOR's website, in the FY2025 Annual Report submitted to the Governor, or through any other publicly discoverable channel.
DOR's own Taxpayer Bill of Rights page continues to represent that the annual report to the Governor includes "recommendations for improving taxpayer compliance and DOR administration." I have not located any section of the FY2025 Annual Report that can be identified as fulfilling that representation.

*Request:*

(a) Please identify, by date and subject matter, each recommendation made by TAO to the Commissioner pursuant to IC §6-8.1-11-3(b)(2) during the period January 1, 2020 through the date of this letter.
(b) If no such recommendations have been made during this period, please explain how DOR reconciles that with its representation that TAO regularly fulfills its statutory duties.
(c) Please identify the channel through which these recommendations are or will be made publicly available, consistent with DOR's commitment at the May 2025 hearing.

III. Organizational Accountability for Collection Policy
DOR administered over $28.8 billion in revenue in FY2025. Review of DOR's March 2026 Executive Team organizational chart identifies no Director of Collections, no Director of Enforcement, and no named executive whose defined responsibility encompasses DOR's collection policy—the standards governing demand notice issuance, payment plan approval criteria, warrant referral timing, and oversight of DOR's collection contractors. Pre-warrant collection activity appears to sit within the Customer Service organizational structure. After warrant registration, DOR's public materials indicate that collection may proceed through either a county sheriff or an outside collection agency, and DOR publicly identifies United Collection Bureau as a contracted collection agent under IC §6-8.1-8-4.

The practical consequence is that when a practitioner identifies a systemic problem with DOR's collection practices—as I have done at successive public hearings—there is no named executive within DOR whose defined job it is to own that problem. Collection policy accountability does not appear to exist as a distinct organizational function, except to the extent it resides within an office whose statutory mission is to protect taxpayers from that very policy.

*Request:*

(a) Please identify the named executive responsible for DOR's collection policy, including payment plan approval standards, warrant referral timing, and oversight of DOR's collection contractors.
(b) Please provide the total outstanding delinquent tax liability as of June 30, 2025, with an aging breakdown by years outstanding.

IV. The Uncollectible Delinquency Problem, the Perpetual Debt Structure, and Tax Amnesty 2026
Indiana permits effectively unlimited collection of assessed tax liabilities through renewable tax-warrant judgments, while providing no publicly transparent standards for when liabilities are designated uncollectible under IC §6-8.1-8-14. In active practice I am currently working matters involving Indiana tax debts still actively collected as of 2026 from liabilities dating to 1996—thirty years ago—on which interest and penalties have compounded to amounts bearing no relationship to the taxpayer's ability to pay or to any realistic assessment of collectability.

Indiana's historical amnesty data establishes the structural consequence of this policy. When Governor Daniels initiated the 2005 amnesty, DOR identified $1.3 billion in uncollected liabilities, some more than thirty years old. The 2015 amnesty identified $545 million in eligible liabilities and collected $188.5 million—roughly one-third. The uncollected two-thirds did not formally close: it remained on the books, continuing to accrue interest through the renewable warrant structure, because Indiana's published standards for designating liabilities uncollectible under IC §6-8.1-8-14 are not publicly available. Separately, IC §6-8.1-3-15 is titled "Report; Uncollectible Delinquent Tax Liabilities." I have not located any publicly available copy of the report required by that statute.

Tax Amnesty 2026, confirmed to run July 15 through September 9, 2026, adds a dimension of compulsion not present in prior programs. DOR's published FAQ states explicitly: "If you are eligible for Tax Amnesty 2026 and choose not to participate, you will incur double penalties on eligible periods." There are no hardship extensions available to the amnesty payment plan deadline. DOR's published guidance states that taxpayers in active TAO proceedings may stop those proceedings to participate in amnesty, while successful completion of amnesty is the published path to waiver of penalties, interest, and collection fees. For a taxpayer carrying thirty-year-old debt whose accrued interest and penalties now dwarf the original tax, this structure presents a practical impossibility: full payment is beyond reach, the amnesty hammer falls regardless, and the only alternative—remaining in TAO proceedings and pursuing an OIC or hardship claim through the same office whose structural deficiencies are documented in this letter—forfeits the benefit of the waiver.

This structure falls squarely within IC §6-8.1-11-3(b)(2)'s mandate that TAO identify practices of the department that "might inhibit the equitable treatment of taxpayers" and recommend alternatives to the Commissioner. To date, I have not located any publicly available recommendation from TAO on this issue.

*Request:*

(a) Please provide the written standards DOR applies when designating a tax liability as uncollectible under IC §6-8.1-8-14.
(b) Please confirm whether DOR produces the report required by IC §6-8.1-3-15 and, if so, identify where it is published.
(c) What is the total dollar value of tax liabilities currently subject to active warrant that are more than ten years old? More than twenty years old?
(d) Has TAO identified Indiana's renewable warrant collection structure, the absence of transparent uncollectible standards, or the double-penalty consequence for amnesty non-participation as practices inhibiting equitable treatment under IC §6-8.1-11-3(b)(2)? If so, what recommendation has been made? If not, why not?
(e) For taxpayers currently in active TAO proceedings whose amnesty-eligible liabilities consist predominantly of accrued interest and penalties rather than base tax, what accommodation, if any, does DOR provide?

I respectfully request written responses to each of the above items by May 10, 2026. I intend to reference these questions and any responses—or the absence of responses—in my May 19, 2026 hearing testimony, and to submit this letter and any written responses as part of the formal hearing record. I am available to discuss any of these matters in advance of the hearing.

Respectfully submitted,
Mark C. Dutton, Esq.
Dutton Legal Group LLC

**Email Response from DOR to Mark Dutton on May 7, 2026**

The Commissioner received the letter you sent regarding the upcoming Annual Public Hearing. Your request goes beyond the statutory requirements of the hearing, which is intended to serve as a forum for public comments, and does not stipulate a requirement for the agency to issue formal responses. Regardless, we will respond to it, and any additional comments made at the hearing, after the May 19 event. This approach is consistent with our treatment of comments made by other members of the public during and before the hearing.

**Additional Written Remarks Submitted by Mark Dutton on May 15, 2026**

WRITTEN TESTIMONY OF MARK C. DUTTON, ESQ., May 19, 2026
2026 Annual Public Hearing, Indiana Department of Revenue

I. INTRODUCTION

Mark C. Dutton submits this testimony on behalf of Dutton Legal Group LLC, 6173 N. College Avenue, Indianapolis, Indiana 46220, (800) 334-0255. The firm has represented Indiana taxpayers before the Indiana Department of Revenue ("IDOR", "DOR", or the "Department") for nearly twenty years. The firm's clients are varied, but they typically owe Indiana state taxes and are financially distressed.

On April 22, 2026, the firm submitted written questions to Commissioner M. Kevin Gulley and requested responses by May 10, 2026. On May 7, 2026, Nancy Tyree, Agency Initiatives Manager, replied that the Commissioner is not required to respond. IC §6-8.1-14-2 provides that the Department "shall accept proposals from taxpayers at the hearing for changes in statutes and rules to better implement the findings set forth in IC §6-8.1-11-2." The questions submitted on April 22 fall squarely within that mandate, and this testimony places them, together with the May 7 response, before the Department on the public record.

II. 2025 COMMITMENTS

A. Offer in Compromise ("OIC") Form. At the 2025 hearing, DOR committed to "eliminate the issue of offers differing from the Taxpayer Advocate's Office ('TAO') calculations." The September 2025 revision eliminated the taxpayer's calculation entirely: no formula, no worksheet. The revised form also codified, for the first time in writing, that business tax OICs "may not be considered unless all options have been exhausted with our Payment Services department."

B. TAO Recommendations. DOR committed to "consider other opportunities to publish these recommendations more widely." Twelve months later, zero published recommendations exist in any publicly discoverable channel.

C. Taxpayer Advocate Title. DOR represented that Tamara Wolfe's email signature was updated and that she is listed on the website. The 2025 hearing roster identified her as "Taxpayer Advocate & Director of Customer Experience." The statutory title under IC §6-8.1-11-3 is "taxpayer rights advocate." The two roles are not interchangeable, and the dual designation conflates an independent statutory office with an internal customer-experience function. The distinction matters. A "customer" is a party to a voluntary commercial transaction who can take her business elsewhere. A taxpayer cannot choose a different state revenue agency. The relationship is involuntary, backed by subpoena power, lien authority, and the sheriff's office. Calling taxpayers "customers" reframes the TAO's mission from protecting legal rights to managing satisfaction, and it provides rhetorical cover for subordinating the statutory advocate function to a corporate service-quality role.

D. OIC Statistics. DOR committed to "review what the IRS and other states may offer in the way of statistics." Nothing has been published. The 370 OICs and 1,282 Hardship cases reported at the 2025 hearing were stated without a denominator: accepted out of how many submitted? Without submission, denial, and processing-time figures, the numbers cannot be evaluated. The firm asks that DOR publish, before the next annual hearing, OIC and hardship statistics that include submissions received, accepted, denied, withdrawn, and pending, broken down by individual and business categories.

III. THE OFFER IN COMPROMISE PROCESS

The Offer in Compromise exists to resolve tax liabilities that cannot realistically be collected in full by establishing a payment the taxpayer can actually make. When the program functions well, it benefits both the taxpayer and the state: the taxpayer obtains a defined path forward, and the state collects revenue it would otherwise never see. When the program functions poorly, taxpayers remain in indefinite collection limbo, the state spends resources pursuing accounts that will never pay in full, and practitioners cannot advise their clients with any predictability about outcomes. Indiana is not required to mirror the IRS's Offer in Compromise process. But a comparison is instructive, because the IRS publishes every component of its methodology and Indiana publishes almost none.

The IRS publishes a formula: Reasonable Collection Potential equals net realizable equity in assets plus a defined number of months of disposable income. The IRS publishes annually updated financial standards that define allowable living expenses. The IRS's application forms walk the taxpayer through the RCP calculation and produce a minimum acceptable offer amount. The IRS provides a free online pre qualifier tool. The IRS publishes the entire Internal Revenue Manual Part 5.8, comprising twelve chapters of evaluation procedures, on its website. The IRS publishes annual statistics in the Data Book: in FY2025, the IRS received 38,797 offers and accepted 5,464, an acceptance rate of approximately 14%.

IDOR's September 2025 OIC Guide lists evaluation criteria: total assets, total monthly income, necessary expenses, percentage of income remaining, payment timing, tax type, reason for the debt, and "other items as necessary." There is no formula. There is no calculated minimum offer amount. There is no prequalifier tool. There are no published evaluation procedures beyond the criteria list. There is no published acceptance rate or denominator for the 370 OICs reported at the 2025 hearing. TAO's decision is stated to be "final. There is no appeal."

The question is not whether Indiana must adopt the IRS's specific formula. It is why Indiana removed the calculation it previously had and replaced it with nothing. The prior OIC form, for all its imperfections, asked the taxpayer to calculate an offer amount. The September 2025 revision eliminated that calculation entirely. The result is a process in which neither the taxpayer, the practitioner, nor any outside observer can determine in advance what TAO will accept. A taxpayer deciding whether to invest the time, cost, and emotional effort in an OIC application has no published basis for estimating the outcome.

Guidance does not eliminate discretion. The IRS retains full discretion to accept or reject offers, but it exercises that discretion within a published framework that both sides can see. IDOR exercises discretion without a published framework, which makes the process indistinguishable from arbitrariness to the taxpayer standing on the other side of it.

This matters most for the taxpayers the OIC program is supposed to serve: those who cannot pay what they owe under standard terms. These are the retirees on Social Security, the small business owners whose withholding debt dwarfs their income, the individuals carrying decades-old trust tax liabilities with no bankruptcy discharge available. For these taxpayers, the OIC is the only path to resolution. If that path is opaque, unguided, and unreviewable, it is not a path. It is a closed door with a mail slot.

The OIC Guide also contains a provision that directly contradicts the TAO's statutory authority. Under "What an OIC cannot do for you," the guide states that the OIC program cannot "intervene when a legal action has been filed, such as a wage garnishment, bank account levy, collection, suit, or court ordered appearance." IC §6-8.1-8-9 independently empowers the Taxpayer Rights Advocate to order the release of a levy upon a written finding that it threatens the health or welfare of the taxpayer or the taxpayer's dependents. The statute does not condition this authority on whether the taxpayer has filed an OIC. The TAO's own published guide tells taxpayers the office cannot do what the statute expressly authorizes the office to do. The distinction between "what an OIC can do" and "what the TAO can do" is one DOR's own guide has failed to draw. The contradiction runs deeper than the OIC Guide. Form TAO-PRP (R2/7-25), the Department's own Request for Assistance from the Taxpayer Advocate Office, instructs taxpayers: "Please do not submit this form to stop collection activity." The same form instructs taxpayers not to use it to request an offer in compromise or hardship status. The TAO's intake form explicitly disclaims the three primary categories of relief the statute empowers the TAO to provide.

When a taxpayer submits an Offer in Compromise or Hardship application with properly substantiating financial documentation, the TAO possesses every piece of information necessary to determine whether an active levy threatens the health or welfare of the taxpayer or the taxpayer's dependents. The financial picture is on the desk. A separate request, a separate form, or a separate process should not be required. Upon receipt of a properly documented OIC or Hardship submission, the TAO should immediately evaluate whether any active collection action, including any levy, threatens health or welfare under IC §6-8.1-8-9, and if it does, order its release before proceeding to evaluate the offer or hardship claim on the merits. The statute does not contemplate a system in which the taxpayer must simultaneously prove hardship to obtain relief from the levy and wait for the levy to be resolved before the hardship application is considered.

There is currently no formal mechanism by which a taxpayer or representative may request release of a levy under IC §6-8.1-8-9. No published form, no published procedure, and no published standard governs the request. Form TAO-PRP, once its instructions are corrected to remove the language disclaiming collection relief, OIC assistance, and hardship assistance, would be the natural vehicle for such a request. The instructions should guide the taxpayer or representative to attach substantiating financial documentation sufficient to support a written finding under IC §6-8.1-8-9. The instructions should also state that a separate Request for Assistance is unnecessary where the taxpayer or representative has already submitted an Offer in Compromise or Hardship application with complete financial documentation, because that submission already provides the TAO with the information the statute requires.

The Payment Services prerequisite compounds the opacity. The September 2025 guide requires business taxpayers to "exhaust all options" with Payment Services before TAO will consider an OIC. This prerequisite applies, by its terms, only to business tax debt. Individual income tax OICs do not appear to carry the same requirement. DOR has not published an explanation for this distinction. Payment Services does not appear on the March 2026 Executive Team organizational chart. Its leadership, criteria, and appeal process are unpublished. The process by which this prerequisite operates is entirely opaque. The guide does not define what "options" Payment Services offers, how a taxpayer initiates the exhaustion process, or what standard determines that all options have been exhausted. Payment Services has no published telephone number; the only published contact is an email address. It is unknown whether Payment Services conducts any financial review of the taxpayer's circumstances before making its determination. The guide imposes a mandatory prerequisite but publishes none of the standards governing it.

This firm asks DOR to publish the methodology TAO applies in evaluating offers, including the formula or calculation, if one exists, by which TAO determines an acceptable offer amount. This firm asks DOR to restore a taxpayer-completed calculation to the OIC application so that applicants can assess the likely range of an acceptable offer before filing. This firm asks DOR to correct the OIC Guide to accurately reflect the TAO's independent levy release authority under IC §6-8.1-8-9, and to revise Form TAO PRP to remove the instruction disclaiming collection relief, OIC, and hardship assistance. This firm asks DOR to identify Payment Services by its formal name, leadership, and organizational placement, and to publish the written policy defining "exhausted all options."

## IV. TAO STATUTORY DUTIES

IC §6-8.1-11-3(b)(2) requires the Taxpayer Rights Advocate to identify policies and practices that inhibit equitable treatment of taxpayers and to recommend alternatives to the Commissioner. This duty is independent and ongoing. It does not depend on individual practitioner requests, formal complaints, or external prompting.

The Taxpayer Rights Advocate holds two distinct authorities that must not be conflated. First, independent levy release authority under IC §6-8.1-8-9 requires only a written finding that a levy threatens the taxpayer's health or welfare; no Commissioner delegation is required. Second, settlement authority under IC §6-8.1-3-17 is delegable by the Commissioner and reaches the five statutory grounds enumerated in that section. The first is the Advocate's own; the second exists only to the extent the Commissioner has delegated it.

Since the current Taxpayer Advocate's appointment on May 22, 2024, this firm has located zero published recommendations through any publicly discoverable channel. The firm asks DOR to identify each recommendation issued under IC §6-8.1-11-3(b)(2) by date and subject since January 2020 and state the number of times the Taxpayer Advocate has exercised independent levy release authority under IC §6-8.1-8-9 since May 22, 2024.

## V. THE ANNUAL REPORT

IC §6-8.1-14-4(3) requires the Department's annual report to include recommendations to the Governor and General Assembly for improving taxpayer compliance and the administration of the tax laws. The FY2025 Annual Report contains no recommendations section. DOR's own website describes the annual report as containing "recommendations for improving taxpayer compliance and DOR administration." The FY2025 report does not deliver that content. In its place, the report offers a "Pyramid of Excellence" graphic and three sentences referencing the Taxpayer Advocate Office.

A separate but related reporting obligation exists under IC §6-8.1-3-15, which requires the Department to submit to the General Assembly before February 1 of each year the age and amount of delinquent tax liabilities the Department has determined to be uncollectable. This report is not part of the annual report filed under IC §6-8.1-14-3, but it serves the same function: providing the General Assembly with information it needs to evaluate the Department's administration of the tax laws. This firm has not located a publicly available copy of the IC §6-8.1-3-15 report for any recent year. The firm asks DOR to confirm whether this report is produced, identify where it is filed, and make it publicly accessible.

For comparison, the Indiana Utility Regulatory Commission's FY2025 annual report to the same Governor comprises 139 pages of substantive regulatory content, including identified issues, data, and forward-looking recommendations. DOR administered $28.8 billion in FY2025 and produced a report containing none of the statutorily required recommendations. The firm asks that the FY2026 Annual Report include a discrete, substantive recommendations section that satisfies IC §6-8.1-14-4(3) on its face.

VI. COLLECTION POLICY AND THE STAGING GAP

DOR administered $28.8 billion in FY2025 revenue. The March 2026 Executive Team organizational chart identifies no Director of Collections and no named executive responsible for collection policy. For an agency whose core operational function includes the collection of delinquent tax, the absence of an identified collection executive is a structural accountability gap.

Pre-warrant, IDOR offers standard payment plans of one to three years, available by telephone, in person, or online through INTIME. The online option requires zero DOR personnel time. These channels are efficient, scalable, and effective. Once a liability stages to a county sheriff or to United Collection Bureau ("UCB"), the standard payment plan regime disappears. Sheriffs set arbitrary terms that vary by county and by deputy. UCB imposes payment terms that are frequently unaffordable, with no published criteria, no oversight mechanism, and no defined appeal route. Bank levies at the post warrant stage are routine. A difficult financial situation becomes a genuine emergency at the precise moment the taxpayer loses access to the orderly payment channels DOR itself operates pre-warrant.

When a levy hits, three questions are dispositive: who has authority to release it; to whom does the taxpayer prove the hardship caused by the levy; and if hardship is proven, is DOR required to release the levy. IC §6-8.1-8-9 provides that the TAO may order levy release upon a written finding that the levy threatens the taxpayer's health or welfare. That authority is independent and does not require Commissioner delegation. In practice, however, reaching the TAO requires navigating the Payment Services prerequisite documented in Section III, an unidentified unit with no published criteria, no published appeal process, and no confirmed financial review function. The statutory remedy exists. The administrative path to it does not.

Professional licenses can be affected, including licenses held by the contractors, medical professionals, truckers, and tradespeople this firm regularly represents. License exposure compounds financial distress for taxpayers whose livelihood depends on continued licensure, and it does so at the same post-warrant stage where orderly payment options have already disappeared.

The firm asks DOR to identify the executive responsible for collection policy and the executive responsible for oversight of sheriff and UCB collection conduct, to publish the standard payment plan terms (if any) available to taxpayers whose accounts have staged to sheriff or UCB collection, and to publish the procedure by which a taxpayer subject to a post-warrant levy may invoke the TAO's independent levy release authority under IC §6-8.1-8-9 without first being routed through Payment Services.

## VII. PERPETUAL DEBT AND TAX AMNESTY 2026

IC §6-8.1-8-2 imposes a nine-year limit on initial demand notices. Once a warrant judgment is filed, IC §6-8.1-8-2(f)(3) authorizes renewable ten-year alias warrants with no cap, producing unlimited collection duration. IC §6-8.1-8-14 grants the Commissioner authority to designate liabilities uncollectable but provides no published standards governing that designation.

IDOR may view all accounts as collectable. They are, legally. But in reality, some accounts will never be collected. A retiree on Social Security. A debtor whose liability dwarfs any realistic earning capacity.

Without transparent uncollectable standards, these accounts remain on the books indefinitely, accruing interest, with no path to resolution.

Historical amnesty data confirms the scale. The 2005 amnesty identified $1.3 billion in uncollected liabilities, some over 30 years old, and collected $244 million. The 2015 amnesty identified $545 million and collected $188.5 million. Uncollected balances did not close.

Tax Amnesty 2026 runs July 15 through September 9 (SB 243). Per DOR's FAQ: "If you are eligible for Tax Amnesty 2026 and choose not to participate, you will incur double penalties on eligible periods." For taxpayers carrying decades-old debt whose interest and penalties dwarf the original tax, full payment is beyond reach, the amnesty hammer falls regardless, and the only alternative (OIC or hardship through TAO) forfeits the amnesty benefit and routes through the same office whose deficiencies are documented above.

The firm asks DOR to publish the standards under IC §6-8.1-8-14 governing uncollectable designation, to disclose the number of accounts so designated in each of the last five fiscal years, and to identify any hardship accommodation available to taxpayers who cannot pay in full during the Tax Amnesty 2026 window.

## VIII. RESPONSIBLE OFFICER DEMANDS

In January 2026, DOR began issuing "Demand for Payment, Responsible Officer/Person" notices for trust tax liabilities dating back decades. This firm has not received a single Proposed Assessment in any responsible officer matter. Every notice has been a Demand for Payment. The form (SF 57878 R1/09-25) appears to be the first version, finalized September 2025.

Under IC §6-8.1-5-1, responsible officer status should be established through a proposed assessment carrying full protest and hearing rights. IC §6-8.1-5-1(j) authorizes demands only after the protest process concludes. DOR's own Letters of Findings and its Protest Guide confirm this sequence. IC §6-8.1-8-16 prohibits collection action on protested tax. As the Court of Appeals reaffirmed in Etzler v. Indiana Department of Revenue, 27 N.E.3d 1085 (Ind. Ct. App. 2015), DOR has "only those powers conferred on it by the legislature."

Every demand this firm has seen requires payment before the Tax Amnesty 2026 window, when the same liability would be substantially reduced. In one anonymized case, DOR demanded $164,000 from an individual for a 2001 withholding debt of a defunct, bankrupt entity. The individual is associated with different successor entity sharing a similar name. Counsel hand-delivered a timely protest. Thirteen days later, DOR issued a warrant for $184,000 and sent it to collections. The warrant was recalled, then re sent to collections the day after DOR acknowledged the protest. Legal Department intervention was required to halt collection.

The Demand for Payment letter (SF 57878 R1/09-25) appears to be the first formal notice DOR has created for responsible officer liability. But collection activity against individuals identified as responsible officers is not new. For as long as this firm has practiced in this area, United Collection Bureau, its predecessor Premiere Credit of North America, and county sheriffs have routinely levied the bank accounts of individuals whose Social Security numbers match DOR's internal responsible officer records for businesses owing trust taxes. These levies have not been preceded by a Proposed Assessment against the individual. Until the January 2026 mailing, they were not preceded by a Demand for Payment either, because no such letter existed. The levies simply arrived, with no prior notice to the individual that DOR considered them personally liable, no opportunity to protest, and no written determination of responsible officer status.

The January 2026 Demand for Payment letter represents DOR's first attempt to formalize this process. But formalization does not cure the underlying procedural deficiency. Under IC §6-8.1-5-1, responsible officer status must be established through a proposed assessment that affords the individual protest and hearing rights before any collection action begins. A Demand for Payment, whether or not it is the first notice the individual receives, is a collection instrument, not an assessment instrument. Issuing a demand without a preceding proposed assessment collapses the liability determination and the collection action into a single step, depriving the individual of the statutory process the General Assembly enacted.

Form BT-1 (Business Tax Application) collects "Responsible Officer Information," including the individual's name and Social Security number. However, a BT-1 listing is not, under Indiana case law, prima facie evidence of responsible officer status. The legal standard, established by the Indiana Supreme Court in Indiana Department of State Revenue v. Safayan, 654 N.E.2d 270 (Ind. 1995), is a three-factor test examining the person's position within the corporate power structure, the authority established by articles of incorporation, bylaws, or employment contract, and whether the person actually exercised control over the entity's finances. The administrative regulation, 45 IAC 2.2-9-4, defines a responsible officer as someone who "has a duty to remit," not as someone who appears on a registration form. If DOR and its collection agents have been levying individuals based solely on BT-1 data and Secretary of State filing records, without conducting the Safayan analysis through a proposed assessment subject to protest, then the practice is not merely a procedural shortcut. It is the seizure of personal assets from individuals who have never been afforded the opportunity to contest their liability.

This firm asks DOR to identify the criteria it applies, and has historically applied, when designating an individual as a responsible officer for purposes of referring that individual's accounts to a sheriff or collection agency. This firm asks whether any individual whose bank account has been levied by UCB, Premiere Credit of North America, or a county sheriff on the basis of responsible officer status first received a Proposed Assessment under IC §6-8.1-5-1. If the answer is no, this firm asks DOR to identify the statutory authority for that practice. This firm asks DOR to recall all outstanding responsible officer Demands for Payment issued without a preceding Proposed Assessment and to re-issue them in conformity with IC §6-8.1-5-1.

## IX. NON-RESPONSIBLE SPOUSE

IC §6-3-4-2(d) provides: "Where a joint return is filed by a husband and wife hereunder, one spouse shall have no liability for the tax imposed by this article upon the income of the other spouse." Indiana does not impose joint and several liability on spouses filing jointly. This is the opposite of federal law. IDOR has promulgated Form IN-40SA (revised June 2022), a mathematical allocation schedule that divides income, deductions, and credits between spouses. The form does what the statute contemplates. It does not ask for, and the statute does not require, any narrative justification from the non-liable spouse.

On April 13, 2026, an IDOR representative emailed this firm regarding a filed IN-40SA: "I sent her a letter on 3/20 asking for a letter of claim, just a note explaining why she wants to file for Non responsible Spouse. Once I get that letter back, I can start on her case." The form had been filed. The mathematical allocation was complete on its face. IDOR will not begin processing until the taxpayer explains, in writing, why she seeks protection that IC §6-3-4-2(d) already affords her as a matter of law.

The federal innocent spouse procedure under IRC §6015 requires a justification because federal law creates joint and several liability and then offers discretionary relief from it. Indiana law never creates the liability in the first place. There is nothing to justify and no discretion to exercise. The form's title, "Indiana Injured Spouse Allocation Schedule," still uses the federal terminology. "Injured spouse" presupposes harm from a liability the law imposed. Under IC §6-3-4-2(d), no such liability was imposed.

This issue is not new. At the June 18, 2019 Annual Public Hearing, Patrick Thomas (Notre Dame Tax Clinic) and Frank DiPietro (Indiana Legal Services) testified: "The Department has no basis for requiring a letter (or even an application) from the taxpayer." DOR's own Letter of Findings 45-20-570 confirms the statutory meaning of IC §6-3-4-2(d). Seven years after that testimony, the practice persists and the form remains unchanged.

The firm asks DOR to revise Form IN-40SA to remove the "injured spouse" terminology, conform the form's title and instructions to IC §6-3-4-2(d), and instruct staff to process a properly completed IN 40SA on its mathematical content without demanding a "letter of claim" the statute does not authorize.

## X. THE ASYMMETRY: ENFORCEMENT WITHOUT ACCOUNTABILITY

The Indiana Department of Revenue possesses, and routinely exercises, an extensive arsenal of enforcement tools. It may issue proposed assessments, demands for payment, tax warrants, alias warrants renewable in ten-year increments without cap, bank levies, wage garnishments, and professional license referrals. It may designate individuals as responsible officers and pursue them personally for the trust tax debts of defunct entities decades after the fact. It may double the penalties of any taxpayer who fails to participate in Tax Amnesty 2026, regardless of that taxpayer's ability to pay. It administers $28.8 billion annually and stages uncollected accounts to county sheriffs and to United Collection Bureau, where standard payment terms disappear and bank levies become routine.

Against this enforcement architecture, the General Assembly enacted a parallel architecture of accountability. IC §6-8.1-11-2 declares the Taxpayer Bill of Rights. IC §6-8.1-11-3 establishes the taxpayer rights advocate with independent duties to identify policies that inhibit equitable treatment and to recommend alternatives to the Commissioner. IC §6-8.1-8-9 authorizes the advocate to release levies upon a written finding of threat to health or welfare. IC §6-8.1-3-15 requires an annual report to the General Assembly identifying the age and amount of liabilities determined uncollectable. IC §6-8.1-14-4(3) requires the annual report to contain recommendations to the Governor and General Assembly for improving compliance and administration. IC §6-8.1-14-2 requires this hearing and obligates the Department to accept proposals from taxpayers for statutory and regulatory change.

The asymmetry is this: the enforcement architecture functions every day, but the accountability architecture does not. Warrants issue on schedule. Demands for payment go out by the thousand. Levies attach. License protests proceed. But the recommendations required by IC §6-8.1-14-4(3) are not in the FY2025 annual report. The recommendations required by IC §6-8.1-11-3(b)(2) are not published in any discoverable channel. The uncollectable report contemplated by IC §6-8.1-3-15 is not locatable. The OIC statistics promised in 2025 have no denominator. The Payment Services unit that now gates access to the TAO does not appear on the org chart, has no published leadership, no published criteria, and no published appeal process.

Each individual deficiency, taken alone, might be characterized as an oversight. Taken together, they describe a system in which every mechanism that empowers the Department to collect is operational and every mechanism that obligates the Department to account to taxpayers and to the General Assembly is dormant. A taxpayer facing a $184,000 warrant issued thirteen days after a hand-delivered protest cannot locate the recommendations the advocate has made on his behalf, cannot read the standards by which his account might be designated uncollectable, cannot identify the officer responsible for collection policy, and cannot find the unit that must be exhausted before the only office authorized to approve an OIC will consider his file. The enforcement letter arrives. The accountability documents do not exist.

This asymmetry is not a matter of resources. The Indiana Utility Regulatory Commission produced a 139-page substantive annual report to the same Governor in the same fiscal year. It is a matter of priority. The Department has prioritized the half of its statutory mandate that generates revenue and deferred indefinitely the half that protects taxpayers. The General Assembly did not enact the Taxpayer Bill of Rights as aspiration. It enacted statutes with operative verbs: shall accept, shall submit, shall identify, shall recommend, shall publish. Those verbs bind the Department with the same force as the verbs that authorize warrants and levies.

The taxpayers represented by this firm, landscapers, plumbers, doctors, truckers, retirees, widows, and small business owners, do not ask for leniency unmoored from law. They ask only that the accountability statutes operate with the same reliability as the enforcement statutes. They ask that the recommendations be written, the reports be filed, the standards be published, the advocate's authorities be exercised, the org chart reflect reality, and the prerequisites to relief be defined in writing rather than imposed orally by an unidentified unit. Symmetry between enforcement and accountability is not a favor to taxpayers. It is the structure the General Assembly enacted.

## XI. CONCLUSION

This testimony identifies documented deficiencies tied to specific statutes, DOR documents, and prior hearing records. The April 22, 2026 letter from this firm to Commissioner M. Kevin Gulley and the May 7, 2026 response from Nancy Tyree, Agency Initiatives Manager, are part of this record. IC §6-8.1-14-2 directs that this hearing exists for proposals to improve implementation of the Taxpayer Bill of Rights set forth in IC §6-8.1-11-2. Every issue raised in Sections II through X falls within that mandate. The taxpayers this firm represents are entitled to an administrative system that conforms to the statutes the General Assembly enacted for their protection.

Respectfully submitted,
Mark C. Dutton, Esq.

**Additional Spoken Remarks by Mark Dutton at Annual Public Hearing**
ORAL TESTIMONY OF MARK C. DUTTON, ESQ., May 19, 2026
2026 Annual Public Hearing, Indiana Department of Revenue

Thank you. My name is Mark Dutton. My law firm, Dutton Legal Group, is based here in Indianapolis. I have submitted written testimony that addresses ten areas of concern in detail. While I suggest those so inclined to do so DO read it when it is published with the minutes from the Hearing, I am not going to read it here.

Let me preface this by stating that I do not want to be here. I did not want to spend time away from my family compiling my remarks. And I do not want to be away from my office right now, where I could be completing work that our firm has been hired to complete. The sole reason that I am here is to attempt to affect change. The Indiana Department of Revenue, or IDOR, can do better. It can be more fair and it can be more efficient.

I am going to list what we are asking for this year. Most of these requests are carryovers from last year's hearing that remain unresolved.

One. Publish the Offer in Compromise methodology and restore a taxpayer calculation to the OIC form. Last year IDOR committed to, and I quote, "eliminate the issue of offers differing from the TAO's calculations." IDOR did so by eliminating the taxpayer's calculation entirely. This lack of guidance and failure to publish is inefficient. This is a carryover request.

Two. Publish OIC and Hardship statistics with a denominator. While we appreciate the numbers of accepted Offers and Hardship cases, we would also like to know the numbers of submissions, denials, and their processing times. Last year IDOR committed to, and I quote, "review what the IRS and other states may offer in the way of statistics." Nothing has been published. This failure to publish is inefficient. This is a carryover request.

Three. Publish the Taxpayer Advocate's recommendations to the Commissioner as required by IC 6-8.1-11-3. Last year IDOR committed to, and I quote, "consider other opportunities to publish these recommendations more widely." Zero published recommendations exist. This failure to publish recommendations and adhere to the law is unfair. This is a carryover request.

Four. Use the statutory title "taxpayer rights advocate." IDOR is now listing the Taxpayer Rights Advocate as the "Taxpayer Advocate & Director of Customer Experience." Where did the rights go? And who is a customer? Taxpayers are not customers. A customer can take her business elsewhere; a taxpayer facing a bank levy from United Collection Bureau cannot. This failure to adhere to the law is unfair and inefficient. This is a carryover request.

Five. Address the collection staging gap. Pre-warrant, IDOR offers efficient standard payment plans available online with zero personnel time. Once a debt stages to a sheriff or UCB, standard plans disappear, terms become arbitrary, and bank levies become routine. This disparity in treatment is both inefficient and, most importantly, unfair. This is a carryover request.

Six. Address geographic collection disparities. A taxpayer in one Indiana county gets favorable IDOR payment terms while a similarly situated taxpayer in another county faces a sheriff or UCB with no consistent terms and no appeal rights. Tax obligations should not depend on geography. This disparity is both inefficient and, most importantly, unfair. This is a carryover request.

Seven. Appoint a Commissioner. It has been sixteen months. At last year's hearing, it had been five. Governor Braun's failure to appoint IDOR's Acting Commissioner as IDOR's Commissioner is inefficient and unfair. This is a carryover request.

Eight. Adopt a statute of limitations on the collection of Indiana tax debt. Indiana permits unlimited collection duration through renewable ten-year alias warrants with no cap. The IRS imposes a ten-year collection statute. Taxpayers carrying decades-old debt whose interest and penalties dwarf the original tax have no path to resolution and no end in sight. This failure to legislate is unfair and inefficient. This is a carryover request.

Nine. Publish the standards governing uncollectable designation under IC 6-8.1-8-14. IDOR may view all accounts as collectable. In reality, some will never be collected: a retiree on Social Security, a debtor whose liability dwarfs any realistic earning capacity. This failure to publish statistics and adhere to the law is unfair. This is a carryover request.

Ten. Execute all statutory duties of the Taxpayer Rights Advocate: complaints, recommendations, levy releases, settlements. Last year IDOR stated that the Advocate, and I quote, "regularly fulfils all statutorily required duties." No published evidence of that fulfillment has appeared. This failure to adhere to the law is unfair. This is a carryover request.

Eleven. Fix the OIC Guide and Form TAO-PRP to reflect the TAO's statutory levy release authority. The OIC Guide tells taxpayers the program cannot intervene in levies; the statute says the TAO can order their release. Form TAO-PRP instructs taxpayers not to request collection relief by submitting the Form. This failure to revise this Form for explicit use in stopping collection activities is unfair and inefficient. This is a new request.

Twelve. When a taxpayer files an OIC or Hardship with full financial documentation, TAO should evaluate the levy threat immediately. The financial picture is already on the desk. A separate form or process should not be required. This failure to revise the instructions to these Forms for explicit use in stopping collection activities is unfair and inefficient. This is a new request.

Thirteen. Identify Payment Services: formal name, leadership, organizational placement, written criteria. This unit gates access to the OIC program but does not appear on the org chart, has no published telephone number, and has no published standards. This failure to identify this unit is inefficient and unfair. This is a new request.

Fourteen. Recall all Responsible Officer Demands for Payment issued without a preceding Proposed Assessment and re-issue them under IC 6-8.1-5-1. This firm has never received a Proposed Assessment for responsible officer liability in nearly twenty years of practice. UCB, Premiere Credit of North America, and county sheriffs have levied the bank accounts of people somehow deemed to be responsible officers of debtor taxpayers for years with no notice, no assessment, and no opportunity to protest. This failure to follow Indiana law is unfair. This is a new request.

Fifteen. Process the Non-Responsible Spouse form without a justification letter. IC 6-3-4-2 says one spouse has no liability for the other's income tax. IDOR has a math form; we filed it; IDOR will not process it until the taxpayer writes a letter explaining why she wants the protection the statute already provides. New to my testimony, but raised at this hearing in 2019 by Patrick Thomas and Frank

DiPietro, and unresolved seven years later. This failure of IDOR to simply process its own Form inefficient and unfair. This is a new request.

Sixteen. Include recommendations in the annual report as required by IC 6-8.1-14-4. The FY2025 report contains none. This failure to comply with the law is unfair. This is a new request.

Before I close, I want to acknowledge what works.

I have used the websites of many states' departments of revenue, IDOR's INTIME website is the best state tax portal I have used. It offers the most information and available actions to accomplish tasks. While I would like to see it allow access to the taxpayer's Statement of Account letter and to IDOR's wage documents, it is the present standard other state's should aspire to.

And I want to spotlight IDOR's walk-in staff, who show grace under fire and represent our state admirably.

But there is an imbalance in how this Department operates, and that is what I want to close with. Indiana law gives IDOR an extensive enforcement arsenal. Proposed assessments. Demands. Warrants renewable in ten-year increments with no cap. Bank levies. Wage garnishments. Professional license protests. Personal liability for responsible officers, decades after the fact. Double penalties for amnesty non-participation. There is no end.

Against that, the General Assembly enacted an accountability architecture. A Taxpayer Bill of Rights. A taxpayer rights advocate. Independent levy release authority. A required annual report with recommendations. A required report on uncollectable liabilities. This hearing.

The enforcement architecture functions every day. The accountability architecture does not.

Every mechanism that empowers this Department to collect is operational. Every mechanism that obligates this Department to account to taxpayers and to the General Assembly is dormant.

The taxpayers I represent do not ask for leniency unmoored from law. They ask that the accountability statutes operate with the same reliability as the enforcement statutes. That the recommendations be written. That the reports be filed. That the standards be published. That the advocate's authorities be exercised. That the prerequisites to relief be defined in writing rather than imposed by an unidentified unit.

Symmetry between enforcement and accountability is not a favor to taxpayers. It is the structure the General Assembly enacted.

I have submitted my written remarks and these oral remarks in the hope that IDOR can improve the areas I have focused on. I want to see IDOR function with efficiency, fairness, and clarity. I am available to assist anyone here who wants to work on these issues.

My written testimony contains the statutory citations, the detailed questions, and the full record. Thank you.

# DOR Response

As requested, all of your correspondence with us prior to the Annual Public Hearing, as well as comments provided during the hearing, have been included above. DOR's Commissioner, General Counsel, Chief Financial Officer, and Taxpayer Rights Advocate & Executive Director of Customer Experience, have weighed in to respond to each of your comments.

**DOR Commissioner**

Kevin Gulley was officially appointed by Governor Braun as DOR's Commissioner on May 22, 2025.

**Taxpayer Rights Advocate Statutory Duty**

As discussed above and in our response last year, DOR's Taxpayer Rights Advocate regularly fulfils all statutorily required duties of the position. There is no statutory requirement to publish recommendations or the number of independent levies released. Our decision not to publish these statistics is in full compliance with statute.

**Taxpayer Rights Advocate Recommendations**

Reiterating our response from last year, the Taxpayer Rights Advocate regularly fulfils all statutorily required duties of the position, including making recommendations to our commissioner and legislative team. We considered opportunities to publish these recommendations externally, as we committed to doing so, and have determined that we will not do so at this time. Your statement that "this failure to publish recommendations and adhere to the law is unfair" is inaccurate. To clarify, there is no statutory requirement for these recommendations to be published, so this decision is in full compliance with statute.

**Taxpayer Rights Advocate Title**

As we discussed last year, there is no statutory requirement for the person holding this position to publicly use a particular title. But to eliminate confusion, we have adjusted the title to mirror statute and include the word "Rights" in all external publications going forward. Regarding your concern that the Taxpayer Rights Advocate cannot perform multiple roles, and that taxpayers should not be called customers, these statements also have no statutory basis.

The decision to refer to the taxpayers we serve as "customers" was an intentional change made nearly a decade ago, to engender a more friendly and cooperative approach, and to reflect how we believe we should interact with them. This terminology is not about diminishing anyone's rights, but rather, shifting the perception of how we as a government agency work with taxpayers from one that is primarily transactional, to a more service-oriented view. We understand that not everyone may agree with this reasoning, and some may still prefer "taxpayer" instead of "customer." Regardless, we firmly believe that we can and should provide excellent service to our customers, while still administering the law and taking our statutory requirements seriously, without these two goals being in conflict.

You state again that this is a "failure to adhere to the law." And again, we wish to clarify that this statement is inaccurate, and that everything outlined above complies with state statute.

**Offer in Compromise (OIC) Methodology**

As we indicated to this request last year, we have made many recent improvements to the OIC form and information about it on our website. We described how our goals were to make it easier to understand, eliminate the issue of customer offers differing from what the Taxpayer Advocate Office

(TAO) calculates, and clarify how our evaluation is based on numerous factors, with a limited range, all of which these changes have helped do.

Historically, taxpayer calculations on this form were very inconsistent and taxpayers found this section particularly confusing. Removing this component of the OIC application, is allowing more customers to complete the form correctly, and is minimizing confusion. These changes have been well received by most taxpayers and practitioners who have gone through the process since the changes were put into effect, and we are not reversing this change. Finally, there is no statutory requirement to publish our methodology, and all changes to this form and process are in compliance with statutory requirements.

**The OIC Process**

TAO has made many improvements to the OIC process since last year's hearing. Forms have been updated and shortened, with a new guide available to assist taxpayers through the application process. After a taxpayer applies for an OIC, the TAO team now conducts a standard introductory phone call to explain the procedures, provide contact information, and request any necessary additional documentation from the taxpayer. We also now allow forms to be signed digitally and have implemented a standard timeline where the taxpayer has 60 days to provide documentation, streamlining the process and allowing DOR to process more applications, and prevent bad actors from taking advantage of a process that previously offered an indefinite hold on collections for some taxpayers.

With the new process, collection activity ceases while TAO reviews the submission. This pause takes effect as soon as all financial documentation is received for either an OIC settlement agreement or a hardship application. The only situation in which collection activity continues after we receive all required documentation is in cases of court-ordered restitution.

While we have made many improvements to this process, we will continue to evaluate areas for future improvement and appreciate feedback that illuminates those areas. Your comment about the discrepancy in language about TAO intervention between the guide and statute is fair, and we intend to update the form, guidance, and webpage to reflect this change.

**OIC Statistics**

We are always willing to hear concerns and to consider opportunities to improve the OIC process, including publicly providing more OIC statistical data. We anticipate having more information available before the next public hearing.

**Collections Staging and Geographic Concerns**

Regarding geographic collection disparities and the collections process, as stated last year, DOR has an obligation to collect taxes that are owed on behalf of the state, and sheriffs and UCB are an important part of this legal requirement. Our collections partner, UCB, is entitled to its own operational processes and procedures for payment plans and bank levies. Still, we work closely with them to ensure they meet our customer service and correspondence standards. Further, we do not control how sheriffs administer collections. Post-warrant staging intensifies enforcement to resolve taxpayer delinquencies which are often intractable. At this stage, taxpayers retain the right to work with TAO on payment plans or an OIC. However, they lose access to the more streamlined compliance options available prior to the warrant issuance. So, there is no disparity in treatment, only consequences of continued noncompliance and failure to engage with the department.

As for the requests in your earlier letter, while no single individual manages the collections process from end to end, our system relies on shared oversight. Two executive leaders, supported by a dedicated team, work to administer all relevant statutes, policies, and guidelines as fairly and transparently as possible. Those executives are General Counsel, Chris Russell, and Chief Financial Officer, Ed Vance.

Finally, there is no statutory requirement to disclose the total outstanding delinquent tax liability. However, we make total assets after allowance available in the Annual Comprehensive Financial Report, which is available on the State Comptroller's website.

**Statute of Limitations**

You are correct that the IRS imposes a 10-year collection statute. However, the IRS does not administer trust taxes, such as Sales Tax, Withholding, Food & Beverage Tax, etc. We discussed in our response last year that these taxes cannot be discharged through bankruptcy, because they are not owed by the person or entity collecting them, but rather, held in trust on behalf of the state. When a business collects, but fails to remit trust taxes, this is tantamount to the business committing theft, which cannot, and should not, be something that can be erased by declaring bankruptcy. The same reasoning outlines why they cannot and should not be subject to a statute of limitations in Indiana.

Additionally, in your spoken comments, you concluded this section by saying, "this failure to legislate is unfair and inefficient." DOR is an executive branch agency. Legislation is the province of the legislative branch. While DOR works closely with the general assembly, DOR on its own cannot pass legislation. If you have an issue with state tax legislation in regard to this or any other issue, you must take that concern up with the legislative branch.

**Uncollectable Designation**

You indicated that this was a carryover request, but upon reviewing your 2025 comments, we could not find any mention of "uncollectable debts" or a request that we publish data on them. Regardless, we have provided responses to this year's requests on this topic below.

- Based on IC §6-8.1-8-14 and IC 6-8.1-8-2(f)(4), DOR policy extinguishes any debt for which the tax warrant has not been renewed.
- The report required by IC §6-8.1-3-15 is produced annually for the General Assembly and submitted to the Legislative Services Agency (LSA) portal as directed by Feb. 1 of each year. It is not required by statute to be published.
- We will not disclose the total dollar value of liabilities currently subject to active warrant at this time.
- We are administering the Tax Amnesty 2026 program in accordance with state statute. We are not publishing TAO recommendations on this matter, because there is no requirement to do so, as discussed above.
- Taxpayers applying for or already in progress on an existing OIC or Claim for Hardship with TAO, who are also otherwise qualified for amnesty, may participate in amnesty. If they do so, they will not be subject to additional penalties.
- Finally, in your spoken comments, you stated that "failure to publish statistics and adhere to the law is unfair." There is no statutory requirement to publish these statistics. We are therefore in full compliance with the law.

**Payment Services**
The DOR Payment Services team does not appear on our online org chart or have a published telephone number because it is a specialized team that works with active business liabilities, and the general public would not benefit from contacting them. Customers with active business liabilities who need to work with Payment Services are provided with their contact information when DOR sends initial correspondence letters about liabilities, and in subsequent letters after. We also wish to clarify that Payment Services only limits access to TAO or the OIC program for certain taxpayers. Individuals are asked to try resolving issues with our general customer service team before contacting TAO, but may go directly to TAO at any point. Similarly, if a customer's liability is for a business that has ceased operations, they may work directly with TAO to apply for an OIC without first consulting Payment Services. Only businesses with open Registered Retail Merchant Certificates are required to work with our Payment Services Team first before they can pursue an OIC. We agree that the requirements could be spelled out more clearly, and will update the OIC guide accordingly.

**Responsible Officers**
When a taxpayer receives an initial assessment letter, the notice of proposed assessment, they have 60 days from the bill date to protest the assessment. Specifically, they are afforded the opportunity to protest the designation of "Responsible Officer" as of the tax period(s) in question. Your statement that you have not received any proposed assessments is likely because the notice of proposed assessment is not required to be sent to the Responsible Officer. Notice to the taxpayer is deemed notice to the Responsible Officer, therefore, frequently the first letter that a Responsible Officer would receive would be the demand for payment. As a result, Responsible Officers are permitted to protest their standing as Responsible Officer only; they are not permitted to protest the underlying assessment. We are not aware of any widespread instances in which notice of proposed assessment letters failed to be sent to responsible officers according to state statute, and thus, will not recall demand for payment letters issued to responsible officers simply because they did not first receive notice of proposed assessment. If you are open to sharing specific identification of the entities involved, we can provide the dates that proposed assessments were sent to those entities.

**Non-Responsible Spouse**
As you addressed in your comments, this issue was brought to our attention by Patrick Thomas and Frank DiPietro at the 2019 annual public hearing. However, we wish to clarify that changes have been made to the form and procedures since then, because of these comments.

In 2020, a new line was added to Schedule 7 of Form IT-40 and Schedule H of Form IT-40PNR, which married filing jointly taxpayers could use to indicate if they were filing as an "injured spouse" or a spouse who claims to not be liable for all or part of a tax liability. Filers who checked the box on this line would be contacted to supply information to support this claim, and any refund would be on hold until the claim was processed, allowing us to allocate refunds before they were offset. Unfortunately, many ineligible taxpayers checked this box, and the resulting administrative burden in sorting out the valid requests from the invalid ones led us to adjust this line. Starting 2021 and continuing now, the line instead reads, "if you are eligible to file federal Form 8857, Request for Innocent Spouse Relief, and are completing Indiana Schedule IN-40PA, enclose Schedule IN-40PA and check the box."

Currently, we are also working on an Offset Program Improvement Project to streamline offsets and all the components involved, including forms, programming, and communications with customers and other agencies. This includes removing language requiring a detailed explanation of their request from all letters. It can be helpful for our processing team to have a basic explanation of the situation from the taxpayer, so they know if a referral to our TAO hardship process would be more appropriate.

However, we agree that a written explanation should not be a requirement and are discussing how to make that determination in a better way.

Additionally, you asked us to "revise Form IN-40SA to remove the 'injured spouse' terminology." We wish to clarify that this form is being phased out and replaced with Form IN-40PA, Indiana Post-Liability Allocation Schedule. Most of our cases and recent accounts involve the IN-40PA, which contains no references to an "injured spouse." As a reminder, we encourage all customers and tax practitioners to always confirm that they are using up-to-date forms from our official website, in.gov/dor/tax-forms.

We will continue to look at other opportunities to improve this process and will take your comments into consideration as we do so.

**Annual Report**

For clarification, the full legislative requirements as per IC §6-8.1-14-4 are listed on page 34 of our most recent Annual Report, and the section in question is as follows:

"Recommendations for improving taxpayer compliance and DOR administration by the following:

- The adoption of new or amended statutes and rules
- Improvements in the training of DOR team members
- Improvements in taxpayer communication and education
- Increases in the enforcement capability of DOR"

Upon review, we believe that we meet all requirements clearly with the following limited exception. With regard to the adoption of new or amended statutes and rules, statutory recommendations have not been as clearly included in recent Annual Reports as they have been in past years. However, they have been consistently published every year in our legislative summaries. We are currently finalizing the 2026 Annual Report and can verify that it will include DOR's proposals passed during the most recent legislative session.

Beyond the information about statutes and rules, we have, and continue to, consistently include information about improvements in training (which can be found on page 10 of the most recent Annual Report, linked above) and taxpayer communication and education (pages 13 and 15), as well as increases in our enforcement capability (pages 25 and onwards). All of these sections detail recommendations we have made and implemented in these areas.

**Conclusion**

We appreciate you ending your spoken comments by stating that you are "available to assist anyone here who wants to work on these issues." The DOR leaders who put together this response would be happy to meet with you and answer questions or discuss specific areas of improvement on the items you addressed in your comments this year. If you are interested in speaking further after reviewing our responses, please contact us.

# Comments from Maggie Wimberly

Commissioner Gulley,

Good morning. My name is Maggie Wimberly, and I serve as Director of Finance for Habitat for Humanity of Indiana, the administrator of Indiana's Attainable Homeownership Tax Credit program. Thank you for the opportunity to provide comments and for the Indiana Department of Revenue's continued partnership in administering this important program. We especially appreciate the professionalism, responsiveness, and support provided by your department as this program has continued to grow and mature.

Collectively, Indiana Habitat affiliates are the number ten top new homebuilder in the state. Over the past forty years, Habitats across Indiana have constructed more than 7,000 homes serving over 28,000 Hoosiers — approximately the population of Hobart or Marion City. These homes are modest, market-based starter homes that typically range from approximately 1,200 to 1,800 square feet and independently appraise between roughly $150,000 and $250,000 depending on the local housing market.

Today, Indiana Habitat is actively serving more than 60 counties across Indiana through a network of 40 local Habitat affiliates. Like many housing organizations across Indiana, local Habitats continue to experience significant increases in construction costs and appraised values in both rural and urban communities. While home values have risen substantially in recent years, incomes for many working families have not increased at the same pace. As a result, the gap between what a modest starter home costs to build and what remains affordable to working Hoosier families has widened considerably. Programs such as the Attainable Homeownership Tax Credit help local affiliates bridge that gap while maintaining long-term affordable homeownership opportunities throughout Indiana.

Over the last year, we have seen encouraging growth in donor participation through the Attainable Homeownership Tax Credit program. In the first quarter of Fiscal Year 2026, contributions increased by more than 6% over the prior year. In the second quarter, contribution dollars increased nearly 29% year over year, accompanied by more than 24% growth in donation count. Third quarter results have continued this positive trend, with contributions increasing nearly 20% over the prior year and donation volume again increasing by more than 24%.

These trends reflect growing public awareness of the program. The Attainable Homeownership Tax Credit has created a meaningful incentive for private investment in affordable housing while helping local Habitat affiliates expand capacity, leverage additional community support, and serve more hardworking Indiana families.

I would also like to specifically recognize several members of the Department of Revenue team who have been exceptionally helpful during the ongoing administration of this program.

Betsy Manikis has consistently ensured that I am connected with the appropriate staff members and resources and has been tremendously helpful in responding to the operational and procedural questions that naturally arise in a new and growing program.

Janis Wright has worked patiently alongside me through upload challenges and technical troubleshooting situations, and her assistance has been invaluable as program volume has increased.

Joetta Smith has also provided thoughtful assistance in resolving several particularly complex situations that required additional guidance and attention.

While I may not interact directly with every member of the broader support team or fully understand all of the behind-the-scenes work involved in maintaining the Department's systems and processes, I also want to acknowledge the contributions of Suvarna Daruri, Staci Turk, and the many other Department staff members whose efforts help carry the successful administration of this program.

Thank you again for your department's support of this program and for your continued commitment to efficient and effective service on behalf of Hoosier taxpayers.

Respectfully,
Maggie Wimberly,
Director of Finance
Habitat for Humanity of Indiana, Inc.

# DOR Response

Thank you for providing an update on the Attainable Homeownership Tax Credit program, showcasing the good that this program does for so many Hoosiers. We are happy to support this work by implementing and administering this credit. We have passed your message on to the teammates you specifically mentioned in your comment, who have expressed their gratitude in return. We also wish to thank you and your team at Habitat for Humanity of Indiana for the time and effort you have dedicated to bringing this program to life. Any taxpayer interested in learning more about this credit and supporting the program can find information about credit eligibility and reporting on our website.

# Comments from Lori Carpenter

I am affiliated with the Indiana Society of Enrolled Agents and have offices in 4 Indiana counties, representing about 4000 taxpayers during the year.

I have several concerns that I would like to see addressed:

1. Thank you for the streamlined Schedule C audits. The most recent audits are concise and asking for appropriate information. Having multiple ways to submit the information is also very helpful.
2. Closed district offices - In the last few weeks, I have had 3 in person appointments dealing with multiple tax issues each time. The office staff are wonderful and usually very helpful. However, every time I have been there, I have seen at least 2-3 people come to the door to try and work with IDOR in some capacity who did not have appointments. This is usually only in about a 20 minute time frame. This is concerning since the state had worked very hard to establish excellent customer service, followed by a complete loss of most local help. Many of the taxpayers needing in person help are older and have difficulty navigating the online system. I think that at the very least, local offices should be available to help during tax season, when the demand is highest. We also find that the online wait is substantially longer.
3. Missing refunds – We have no less than at least a dozen clients and employees who have reached out regarding missing refunds that were filed over 2 months ago. In all cases, IN Where's my refund shows the return is received and in processing. None of the clients have received communication regarding the delay in processing. Those who have been proactive have not gotten any information either, other than that the returns are processed in the order received (inaccurate as we know later returns have been processed) and a letter will be issued if more info is needed. Upon inquiry to IDOR, these returns are being held for Decision Support and continue to be held indefinitely. It sounded like the processing won't automatically resume. This is quite disturbing, since the taxpayer has already submitted what is believed to be a correct return.

Thanks,
Lori Carpenter, EA

# DOR Response

We are pleased to hear that your experience with Schedule C audits has been positive, as we've made several recent improvements to this process with the goal of making them easier for taxpayers and practitioners to navigate.

As you're aware, last year, several of DOR's district offices moved to provide in-person services by appointment only. Three offices currently remain available for walk-in customer service without requiring an appointment, during regular business hours: Indianapolis, Merrillville, and Clarksville. These offices were chosen to remain open, as they had a significantly larger number of walk-in customers prior to the change, compared to the offices that are now appointment-only. Taxpayers interested in visiting DOR in person at any other office may do so by scheduling an appointment in advance. Appointments can be scheduled on our website at in.gov/dor/about/contact-us/appointments. Anyone who cannot use the online scheduling tool for whatever reason can also contact our customer service team at 317-232-2240 who can assist with scheduling an appointment. This change allows our district office customer service representatives to respond to more correspondence and calls, improving our overall service capacity. That being said, we are continuing to monitor the situation at our district offices moving forward. We appreciate your feedback, as we value our taxpayers across the state, and the service that our District Office team members provide to them.

Each year, a small percentage of returns are suspended for review during processing due to data inconsistencies, including issues such as incorrect data, missing information, and discrepancies with other data sources (employers, financial institutions, IRS, etc.). These returns require manual analysis and correction by our teams, which typically results in longer processing compared to most electronically submitted returns. DOR's process with these returns is to reach out for additional information or clarification, if needed, once a review of the return has been completed. In the meantime, any taxpayer who has experienced prolonged delays without explanation from us is encouraged to contact our Taxpayer Advocate Office at 317-232-4692 or taxadvocate@dor.in.gov. This team would be happy to review these accounts to see what might be causing the delay and give taxpayers a better idea of when processing is expected to be completed.

# Comments from Jeremy Hostetler

Good afternoon, sorry for such a late email but hopefully this can be addressed in tomorrow's hearing. I am sure that I am just one of thousands of practitioners who are commenting on this and probably the only thing that will be discussed tomorrow since such a huge issue w/ IDR. Anyway, please see my email/comments below w/ Sherrill Rude at INCPAS earlier this month.

Thanks….hope this gets resolved at IDR soon!

*[Submitted comment included an email originally sent to Sherrill Rude with the INCPAS, as well as her response, both of which are provided below]*

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Hi Jeremy,

I shared your email and discussed it with our Tax Resource Advisory Council (TRAC) chair, Ben Smith, who is copied here. As a CPA tax practitioner and TRAC chair, Ben fully understands and shares your concerns.

As you know, DOR notices have been a long-standing advocacy issue for us. We agree with the concerns you outlined, and these topics are part of our regular, ongoing discussions with Commissioner Gulley and the executive team. We will address them in more detail at our spring TRAC meeting. Your email is very helpful in framing this as an ongoing member pain point. With your permission, I would be glad to share your message directly with DOR- please let me know if that is okay.

**DOR update:**
DOR is working on improvements to these letters through phased changes during 2026, with a final phase expected in early 2027. That final phase is planned to include a side-by-side comparison of amounts reported on the filed return and any DOR adjustments, similar to Ohio's recomp letters. In the meantime, DOR has already implemented smaller improvements, including renaming certain lines to better align with the IT-40 and adding several Schedule 5 lines that are frequently adjusted. These changes will apply to 2025 IT-40 return adjustments.

DOR also hosts an annual public hearing where you are welcome to provide written or oral comments. This year's hearing is May 19 at 9:00 a.m., with comments and RSVPs to speak due by May 15. Regarding the issues you raised about denied credits (K-1s, R&D credits, NOLs, etc.), we have raised these directly with DOR. Their position is that these are not systemic issues but are based on individual circumstances. If you have specific client cases still pending that you would like DOR to review and trace, I am happy to help facilitate that process.

Thank you for raising these important concerns. Progress has been slow and sometimes challenging, but we will continue to press on these issues. I am happy to talk further if you would like—feel free to call me.

Best regards,
**Sherrill M. Rude, CAE**
VP-Advocacy IN CPA Society

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Good morning Sherrill, I hope you are doing well! I am sorry to bother you, and I apologize for the long email, but thought you may be the right person to inform on this since you do so much for the profession. I am sure you have heard from other CPA's on this but want to throw my thoughts on this too. I am extremely disturbed/concerned w/ what is currently happening at IDR regarding taxpayer notices. It is beyond insane and the amount of unnecessary work, money and frustration is infinite. I am hoping that someone can channel a meeting w/ the right people at IDR as it has become inundating to work w/ them. Here is what we are seeing currently….best estimates used.

- I would say 1 out of every 10 individual taxpayers are receiving notices from them
- I would say 1 out of every 3 or 4 businesses are receiving notices from them
- Of those notices, I would say 99% of them are completely bogus, incorrect or simply unnecessary
- Of the 99% notices, I would say 1/3 of them are literally notices that are regurgitating the information filed on the original tax return…literally no changes or modifications! So why the notice? Taxpayers think something was done wrong and the notice says there were changes made. However, literally nothing was changed and it shows exactly what was filed.
- The next 1/3 of those notices IDR is disallowing PTET, R&D, EDGE credits, and similar, that were claimed on the taxpayer's return due to receiving a K-1 from a business that reported and passed thru these credits properly. IDR is disallowing and removing those credits due to the inability to verify or what they say is lack of information and wanting add'l info sent in to them such as the K-1's. How can this happen at IDR? IDR already has those K-1's as they are attached to the initial E-File that was filed w/ the taxpayer's original return. In addition, they also have the K-1 from when the business filed their return w/ IDR. Hence, they have rec'd 2 separate files that have these K-1's and the related information attached to them. How can their system literally not link or see these K-1's accordingly? Is their software platform that narrowly focused and antiquated that it is incapable of linking taxpayer's returns to K-1's that were filed as part of a business return already? Again, they have these records and are disallowing these credits as claimed and shown accordingly on the K-1's.
- The final 1/3 of those incorrect notices are disallowing carryover R&D credits, NOLs and any other similar carryover deductions/credits that were properly taken on the return. They are claiming that they have no verification that those items existed! Now, I understand in the first year of their software conversion years ago that this could have been an issue. However, we are on year 3 or 4 of the new software platform and we shouldn't be getting these notices! I have literally responded to the same R&D credit carryover disallowance notice for the last 3 years for the same taxpayers. I sent in the carryover schedule and verified the deduction/credit and they removed the notice each time. However, I also asked them to update their records to show the remaining carryovers in their system each year and have also attached to the return when filing. And still, the taxpayer gets these notices!!!! One example, we filed an IT-40 in 2021, 2022, and 2023 showing an NOL carryforward and have attached all necessary schedules to those returns. All of those returns were accepted on time and have had no problems. Then, we file the 2024 return claiming/using the NOL carryforward from those prior years and IDR sends out a notice disallowing the NOL carryforward deduction and saying they have no verification for it. That makes literally no sense….all prior year returns were filed and showed those NOL's on them. How are those NOL's not rolling forward into 2024 on IDR's system? And because something isn't happening properly in their system, they then spit out a notice denying altogether.

I can't tell you how frustrating IDR has become. They used to be so easy to work with and now they are literally a nightmare. Now, they eventually get it right and remove the notices but they shouldn't happen in the first place. I am not embellishing when I say 99% of them are totally bogus or incorrect notices. This is literally wasting so much time and money at the State in addition to the time and money we are wasting on behalf of taxpayers. Notices are everywhere! And what do we get out of it….not billings, but frustrated clients who think we are doing something wrong on our end. We tell all of them that IDR has become a joke and is sending out notices that are 100% incorrect. Most of them understand and appreciate us handling for them but after a while, they begin to think that maybe we are doing something wrong as well, which of course we aren't.

I am sorry for the long email and I know I ranted a bit. But, I am really hoping that your connections and influence can do something in regards to this craziness. It is so bad that I actually took time to write this entire email out 😊! If needed, I would love to have further conversations, discuss potential solutions or just help think about what could be done differently….as the practitioner community and their clients are suffering from this unnecessary and unwarranted barrage of notices.
Thanks for listening…hope you have a great day!

Jeremy Hostetler, CPA
Christen Souers, LLC

# DOR Response

Over the last few years, we have met with many interested parties, including practitioners and other state revenue agencies, to improve notices, resulting in several changes that have allowed us to continue to improve the content and readability of our notices and letters. We have also found a great deal of disparate views on how best to structure and explain notices, such that we believe finding wording that perfectly explains each possible change to a return may not be feasible, particularly because notices must be applicable to a variety of taxpayers and very diverse tax scenarios. Despite this, we appreciate your feedback and wanted to let you know that we are currently investigating additional options to provide better context for customers who receive these notices.

While periodically we discover and correct rare or unique situations that impact a small number of accounts, we are not aware of any systemic issues generating "bogus" or "incorrect" notices. As for the "unnecessary" notices, we wanted to clarify the purpose of these. DOR is required by Indiana statute to send notices for all changes, even those that are very small or that do not impact the taxpayer's most recently filed return (often, these changes can impact future returns, thus still requiring us to notify the taxpayer of the change). While we understand that customers can find these notices confusing, we are dedicated to upholding state statute and being transparent with customers in any changes we make to their returns.

As Sherrill mentioned, and as we have communicated with INCPAS members before, we are working on improvements to these letters through phased changes during 2026 and 2027, with the goal of resolving the most common issues practitioners bring to us. Similarly, Sherrill's response on denied credits is accurate. If you are not doing so already, please ensure that you include all necessary information in the e-filed return/schedule itself instead of attempting to attach supporting documents. For instances where a practitioner believes supporting documentation (not supported by schedules within the e-file process) is still necessary, they should e-file and then upload a .pdf via their INTIME account in response to any recomp letter the customer may receive.

We will continue our efforts to ensure our notices are compliant with Indiana statute, align with best practices, and provide timely and accurate information. If you have questions about specific client issues that you have not yet resolved with our customer service team, please let us know so we can assist.

# Comments from Tim Zumbaugh

I am a volunteer treasurer for a large local non-profit organization.  I have commented in the past about the burden faced by non-profits having to individually log in to the INTIME portal to obtain an NP-1 sales tax exemption form for each individual vendor.  The organization I represent stages several large fundraising events each year, and having to get individual NP-1 forms is inefficient and time consuming.

Has the department considered changes in this process, perhaps going back to some sort of blanket exemption form that could be renewed once per year?

Thank you.
Tim Zumbaugh

## DOR Response

As you're aware, the requirement for nonprofits to obtain individual Form NP-1 sales tax exemption certificates for each vendor they do business with came about due to a legislative change in 2022. Since then, we have received similar comments from nonprofits and understand the administrative burden of the new process. The change was made to prevent the fraudulent use of sales tax exemption certificates by bad actors, which is also a significant issue, and we have been working to find a way to address the needs of nonprofits while still adequately preventing fraud. One improvement we have made since this new requirement went into effect is allowing nonprofit taxpayers to bulk submit vendors to INTIME, so they do not need to manually enter vendors one at a time. To do so, nonprofit users will select the "Request multiple Form NP-1" option once logged in to INTIME. This should save nonprofits, especially those with large numbers of vendors, time and energy, and will hopefully make the process of renewing certificates every five years simpler as well. Beyond this, we are continuing to investigate other ways to reduce the administrative burden for nonprofits and appreciate your input as we do so.