



INDIANA DEPARTMENT OF REVENUE

# FISCAL YEAR



# ANNUAL REPORT





# NATIONALLY RECOGNIZED

INNOVATION AND EXCELLENCE IN TAX ADMINISTRATION AWARD FOR LE@DOR  
FEDERATION OF TAX ADMINISTRATORS (FTA)

IDENTIFIED AS ONE OF THE FIVE BEST REVENUE AGENCIES IN THE U.S.  
BY LAW360 TAX AUTHORITY AUTHOR DAVID BRUNORI

RECOGNIZED LOCALLY AND NATIONALLY AS A TOP WORKPLACE  
FOR SIX STRAIGHT YEARS  
(2019-2024)

ONLY ONE OF THREE STATES WITH AN "A" RATING  
COUNCIL ON STATE TAXATION 2023 SCORECARD

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INTIME, DOR's customer portal, incorporates features like direct messaging, secure bill pay and refund status lookup. Available 24-7, it allows customers to self-service common transactions, reducing the need to call, mail in payments or visit district offices. As a result, this functionality allows Customer Service to provide more targeted support to those with more complex needs.

**LEARN MORE**



# AT A GLANCE

THE INDIANA DEPARTMENT OF REVENUE

The Indiana Department of Revenue supports the state in the administration of over 60 tax types—processing millions of returns, payments and correspondence, delivering best-in-class customer service, and issuing select permits and fees.





# CORE VALUES

Core values define and drive the behaviors of entire organizations and foster the way it “feels” for each and every team member.

Deeply rooted in its DNA, the agency stands on seven carefully crafted pillars to sustain its operational and cultural successes by mindfully enhancing hiring, training, performance management, and the reward systems that keep the nearly 675-member team continuously poised for public service excellence.



## **FUN**

*Celebrate and enjoy what you do.*



## **LEADERSHIP**

*Through positive actions, inspire others to become more.*



## **INTEGRITY**

*Always do what is right. Take action when it is not.*



## **RESPECT**

*Be kind, humble, and mindful. Appreciate and value diversity.*



## **TEAMWORK**

*Focus on we, not me.*



## **SERVICE**

*Lose yourself in the service of others.*



## **CONTINUOUS IMPROVEMENT**

*Be relentless about always getting better.*

# LETTER FROM THE COMMISSIONER

Dear Governor Holcomb,

The Indiana Department of Revenue team is pleased to present DOR's Annual Report for Fiscal Year 2024 (FY24: July 1, 2023 - June 30, 2024).

FY24 marked another remarkable year of achievements for the DOR team. Through collaborative efforts with our partners within Indiana state government and throughout the tax administration ecosystem, we have provided professional, caring, and high-quality services to millions of Indiana individuals, businesses, corporations, and organizations.



Our team's diligence throughout FY24 has also yielded significant improvements across various facets of our operations, enhancing the breadth, quality, and effectiveness of the operations we manage and the services we provide.

Comprised of nearly 675 dedicated Hoosiers in 13 locations across Indiana, our team is immensely proud of the service we provide to all who count on us.

We have remained fully committed to our mission, vision, and purpose and, as you will see throughout the report, we have used our core values to guide us. We conclude FY24 with a sense of pride in our accomplishments and the national recognition we have received as a premier tax administrator and a great place to work.

Our success is a testament to our skilled and committed team, and we are excited about exploiting the high levels of organizational capability we have created to continue to improve our services and tackle the new and exciting opportunities ahead.

For the last seven and a half years, our team has been devoted to your ambitious challenge to take Indiana to the next level. While this aspirational vision is never fully achieved, we are tremendously proud of our progress on this rewarding journey.

Respectfully,

A handwritten signature in black ink that reads "Robert J. Grennes, Jr." The signature is written in a cursive, flowing style.

Robert J. Grennes, Jr.  
*Commissioner*  
Indiana Department of Revenue

# LEADERSHIP & TEAMS



## **BOB GRENNES**

*COMMISSIONER*

Bob was appointed by Governor Holcomb as Commissioner on Feb. 1, 2020. Prior to his appointment, Bob served as DOR's Chief Operating Officer from 2017-2019. Bob works with DOR team members across the agency to serve Indiana and its citizens, businesses, corporations, state agencies, partners and stakeholders. Working collaboratively with the Office of Management & Budget, the Governor's Office and state agency leaders, Bob helps the DOR team tackle the many challenges of agency operations and [deliver on DOR's mission](#).

## **RANDAL BOONE** *EXECUTIVE DIRECTOR OF MOTOR CARRIER SERVICES*



Randal has been a member of DOR's leadership team for 17 years. As the Executive Director of Motor Carrier Services (MCS), Randal is responsible for the following MCS teams:

- Fuel Taxes: International Fuel Tax Agreement (IFTA) and Motor Carrier Fuel Tax (MCFT)
- Insurance and Safety - Indiana Operating Authority (IOA)
- MCS Customer Service Walk-in Branch
- Oversize/Overweight Permitting (OSOW)
- Titles Processing
- Vehicle Registrations: International Registration Plan (IRP) and Base Plate Registration (BPR)





## **STEVE COMBS**

### *EXECUTIVE DIRECTOR OF AUDIT OPERATIONS*

Steve serves as the Executive Director of Audit Operations and has been with DOR for 34 years. Steve's team includes the following:

- Audit Operations
- Audit Support

## **KEVIN GULLEY**

### *CHIEF INFORMATION OFFICER*

Kevin has been a member of DOR's leadership team since 2007. As the Chief Information Officer, Kevin is responsible for leading the following teams:

- Application Support
- Indiana Tax System (ITS)
- IT Operations Support
- IT Security Office
- ITS Production Support Team
- MCS Application Support



## **TERRI LIVINGSTON**

### *EXECUTIVE DIRECTOR OF AGENCY & BUSINESS SYSTEMS SUPPORT*

Terri serves as the Executive Director of Agency & Business Systems Support and has been a member of DOR's leadership since 2017.

Terri's team includes the following:

- Business Analysis
- Communications
- Corporate & Trust Tax Processing
- Data Governance & Analytics
- Internal Audit
- Investigations & Internal Affairs
- Operational Improvement
- Organizational Development & Training
- Project Management Office
- Tax Compliance

## **CHRIS RUSSELL**

*GENERAL COUNSEL*

Chris has been a member of DOR's leadership team since 2017. As General Counsel, Chris oversees the Legal Division, which includes the following teams:

- Appeals
- Compliance & Ethics
- Legal Operations
- Legal Services
- Litigation
- Tax Policy



## **ED VANCE**

*CHIEF FINANCIAL OFFICER*

Ed serves as the Chief Financial Officer and has been a member of DOR's leadership since 2017. Ed is responsible for the following teams:

- Accounting & Financial Controls
- Budget & Revenue
- Procurement & Contract Management
- Tax Liability Management

## **MONIQUE YOUNG-WASH**

*EXECUTIVE DIRECTOR OF SERVICE OPERATIONS*

Monique has been a member of DOR's leadership team since 2017. As the Executive Director of Service Operations, Monique leads the following teams:

- Customer Service
- Returns Processing Operations
- Special Tax Operations
- Taxpayer Advocate Office







# #DORGIVESBACK



# AGENCY GOALS FOR 2024

At the beginning of each calendar year, DOR's Executive team identifies "thematic goals" that will serve as the agency's guiding light through the coming year—driving continuous improvement in people, processes, technology, and service delivery. These goals are cascaded throughout the agency and used to develop division, department, and individual goals.



## Make it Easy to Do Business with Us

- Strategically drive and improve taxpayer compliance
- Fortify and expand self-service opportunities
- Develop clear, easy-to-access tools and guidance
- Harness the Voice of the Customer channels to provide data for strategic improvements



## Position DOR for the Future

- Optimize Agency-Wide Performance & Service Delivery
  - Deploy resources strategically to meet service levels across the agency
- Turn Data into Actionable Information
  - Produce and analyze data to drive action, decisions, and improvement
  - Leverage data to provide timely insight about agency performance and effectiveness
  - Continue to drive and socialize data governance principles
- Embody "The DOR Way"
  - Continue investing in leadership and team member development
  - Live our Core Values, Strategic Anchors and Guiding Principles
  - Keep our systems modernized



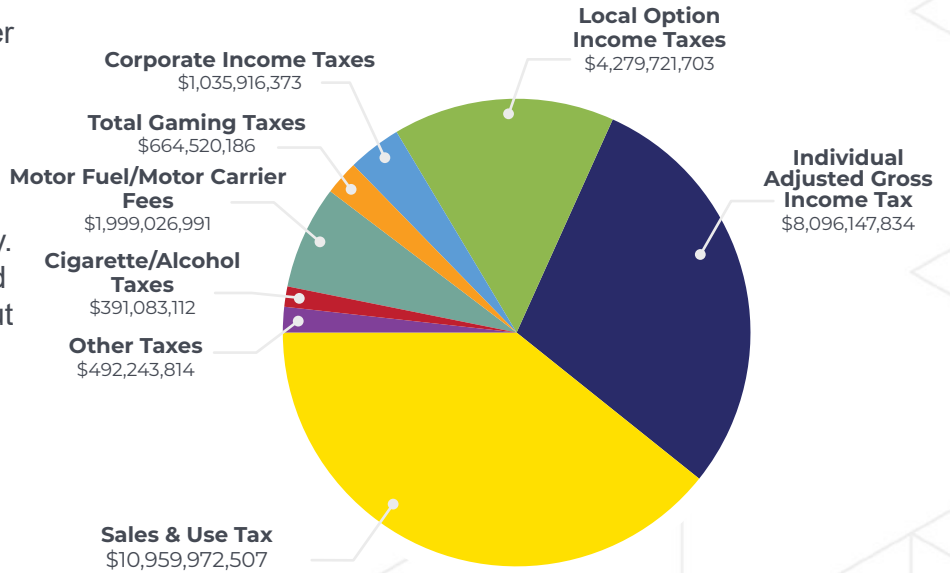
# YEAR IN REVIEW:

## FISCAL YEAR 2024

Nearly 675 dedicated Hoosiers support Indiana taxpayers to confidently understand and meet their tax responsibilities, with each team member contributing to and modeling the agency's core values and dedicating their diverse skills to public service.

Our mission is to administer Indiana tax laws fairly, securely, and efficiently. And with best-in-class technology and team members who care deeply about delivering excellent service, we have reached new heights in continuously improving taxpayer experience. Throughout the report, you will learn more about DOR's key initiatives and accomplishments that drive us forward.

### SUMMARY OF FY24 TAX RECEIPTS



### TOTAL TAX COLLECTED FY24

Gross Collections	\$29,921,062,779	Collections Allowance	\$66,882,188
Net Collections	\$27,918,632,521	Administrative Costs	\$84,880,662
Refunds	\$(2,002,430,258)	Delinquencies Collected	\$800,248,800

### Customers Served



**Individual**  
4,691,376



**Business**  
477,500



**Government Entities**  
2,321

### Key Accomplishments

- Administered over \$29.9 billion of tax revenue
- Recognized locally and nationally as a Top Workplace for six straight years
- Evolved content accessibility, self-service and navigation of [DOR's website](#)
- Only one of three states with an "A" rating — Council on State Taxation 2023 Scorecard
- Identified as one of the five best revenue agencies in the U.S. by Law360 Tax Authority author David Brunori
- DOR's MCS Division achieved the highest registration safety rating possible through the [Performance and Registration Information Systems Management program](#) (Expanded PRISM)
- Assisted the Governor's office, General Assembly and Indiana tax partners during the 2024 legislative session and leading up to publishing the annual Legislative Synopsis, a summary of changes to tax laws
- Supported agency operations through improved internal controls and internal auditing
- Invested in staff and service operations through training and process improvement

# SERVICE:



## LOSE YOURSELF IN THE SERVICE OF OTHERS

At our very foundation, DOR is a service organization—passionately serving Hoosiers and everyone who comprises Indiana’s tax ecosystem. To be successful, we must develop and provide caring and quality service to both internal and external customers, bringing joy to the team at large.

### Customer Experience

We fuel our passion for public service by continuously leveling up our customers’ experience. A Customer Experience Management team, now within our Customer Service division, is dedicated to supporting all representatives with training, workforce management, quality assurance and timely communication.

- **Training:** develops new hires and provides continuing education
- **Workforce Management:** ensures productivity, quality, efficiency, and service excellence
- **Quality Assurance:** maintains the highest quality customer service
- **Communications:** informs Customer Service of evolving tax changes, service process updates, and monitors service-level metrics

### Staying in Touch

Dedicated to responding to hundreds of thousands of customer phone calls, the Customer Contact team also processes a variety of correspondence related to individual, business and payment inquiries, as well as hundreds of INTIME inquiries.

This team also provides in-person services to walk-in customers and receives a large volume of tax payments at our cashier windows.

Customer Service representatives regularly receive positive feedback and notes of appreciation for their attentiveness and ability to help people.



### CUSTOMER ASSISTANCE

Connection Point	Customers Served
INTIME Messages	69,359
Walk-in Visits	62,202
Phone Calls	411,804
Email, paper, fax	79,003





**93.32%**

### Overall Customer Satisfaction

*based on 20,461 completed surveys*

## SATISFACTION SURVEY

Was the Customer Service Representative professional? 98.53%

Did your question or questions get resolved today? 89.25%

Were you satisfied with your overall customer experience today? 94.36%

### Self-service

We constantly seek out crucial and collaborative projects that result in higher customer satisfaction, to make it easier for customers to do business with us. Notably, the Communications and Creative teams [answered the call](#) by enhancing the tools and guidance, navigation and the layout of our website. Individuals, businesses, tax professionals and other customers are now able to select from defined paths and calls to action that bring clarity to their choices. By harnessing user data and evolving best practices, the improvements target and answer customer needs and concerns before they turn into questions.

### Leading the Industry of MCS

Commercial motor vehicles travel more than 9.7 billion miles in Indiana each year. The movement of these vehicles impacts the safety conditions and traffic patterns of Indiana’s roads and the physical demands placed on them.

DOR’s MCS team provides support to motor carrier companies, commercial drivers, and residents of Indiana through the fair, efficient and high-quality administration of state and federal laws that govern the commercial use of Indiana’s roads, which have a large role in Indiana’s economic success.

MCS works collaboratively with the Indiana Department of Transportation (INDOT), Indiana State Police (ISP) and trucking organizations across the country to provide best-in-class service. MCS is comprised of six areas:

- Vehicle Registrations: International Registration Plan (IRP) and Base Plate Registration (BPR)
- Fuel Taxes: International Fuel Tax Agreement (IFTA) and Motor Carrier Fuel Tax (MCFT)
- Oversize/Overweight Permitting (OSOW)
- Insurance and Safety: Indiana Operating Authority (IOA)
- Titles Processing
- MCS Customer Service Walk-in Branch



# FUN:

## CELEBRATE AND ENJOY WHAT YOU DO

Joy in the workplace is a leading indicator of high employee satisfaction and engagement. We care deeply about the important work we do—and enjoying the journey and our team members is part of the magic recipe of success.

DOR team members collaborate and work together, both internally and externally with all customers, stakeholders and partners while living our core value of fun. We recognize our team and make the workplace enjoyable during holidays, special events and teambuilding activities. Celebrating project successes, team member awards, service milestones and positive feedback from customers are customary at DOR.



DOR's weekly team e-newsletter, Reve-news, shares the latest news, including celebrations around the agency. Spotlight videos are also featured in Reve-news and provide a peek into individual teams at DOR.

In addition, InsideDOR articles feature individuals or teams who are making strides at DOR. Team members can find these articles and all agency-related news conveniently housed on DORway, our intranet site.

### Recognition: the Heart of DOR Culture

Recognizing the positive contributions of our team members is the norm at DOR—and we utilize a variety of ways to show that gratitude to those who exemplify one or more of DOR's core values.

Teammates can send each other timely emailed recognition in the form of a "DOR High-five." Nominators select a type of High-five message, like "I appreciate you" or "Thank you for your support," and describe how their colleague best represented DOR in a specific situation.



"DOR Prizes" are incentivized performance recognition awards granted to team members who demonstrate engagement in exceptional performance. Some examples include completion of a project ahead of schedule with results that exceed expectations, assuming and successfully performing additional work, consistently performing beyond the scope of regular daily activities and assignments, and improving DOR's workplace or culture with exceptional teamwork and collaboration.



The Employee of the Month award celebrates the exceptional accomplishments of our team members whose actions deserve recognition. Submissions are based on the nominee's contributions and behaviors demonstrated that make them exceptional beyond the basic expectations of their role or contributions. At the end of the year, the senior leadership team reviews all Employees of the Month to select an Employee of the Year!

The Customer Service area's Wall of Fame recognizes Customer Service team members' outstanding performance with a focus on outstanding customer satisfaction feedback and Best-in-Class customer service results. Teams participate and enjoy these celebrations as a DOR family with specific team names, colors and t-shirts. A Rock Star and Customer Advocate celebration is also held quarterly.

## Bringing People Together

Team members gather throughout the year to celebrate success and share success stories during All-Agency meetings. Public Service Recognition Week also brings the entire DOR family together for a celebration and recognition. A celebration lunch and spirit days were just a few of the activities that took place during that week.

## Agency Spirit Day & Professional Development Day

Team members wore DOR apparel and took advantage of our many professional development resources available.

## Years of State Service Day

Team members wore the color that corresponded with their length of service as a public servant.

## Hoosier Spirit Day

Team members wore any Indiana apparel to celebrate their Hoosier pride.

Giving is a huge part of DOR's culture! The State Employees' Community Campaign (SECC), an annual charity campaign, administered by state employees, allows for a one-time donation or pledging a payroll deduction to any of the 1,500 charities available on the SECC giving portal.

Some DOR team members also contribute through special events hosted by our Employee Connection team or their own specific teams. A chili kickoff, bake sale, candy grams, pumpkin decorating contest and a goody basket auction were some of the ways team members raised and donated funds to SECC last year. A sprinkle of fun while supporting a great cause!



# TEAMWORK:

## *FOCUS ON WE, NOT ME*

Standing up a process to administer a new tax rule or an internal procedure takes regular collaboration, measurement and maintenance. Each team within the agency works hard to harmonize with one another so every hand knows what the other is doing by actively seeking out crucial internal and external voices to gain perspective and anticipate more efficient paths forward. Teamwork certainly fortifies our quest for continuous improvement.

### **A Joint Effort**

The implementation of the Pass Through Entity Tax (PTET) project is a perfect example of this core value in action achieved through collaboration between different divisions within DOR. The PTET project impacted DOR's tax administration system and tax processing procedures and required marathon discussions and reviews to comprehensively define the implementation framework. Cohesiveness was evident among various teams as they worked to devise new procedures, create a new webpage, update forms, and provide customer service and business training. This effort included the expertise from various teams including Agency & Business Systems Support, Tax Policy, Communications, Finance, Returns Processing Operations, Customer Service, ITS Support and Tax Compliance.



### **Partnering with Communications**

Communications liaisons for each business unit at DOR drives alignment and consistency. These partnerships ensure that a business unit's needs are met, while keeping the Communications team abreast of upcoming projects earlier in the process, giving the team a more holistic approach and how their work can improve operational effectiveness.

### **Internal Policy Review group**

The Policy Review group includes the areas of Audit, Agency & Business Systems Support, Compliance & Ethics, Customer Service, Human Resources, IT Security, Legal Services, MCS, and Returns Processing Operations. This diverse group ensures that every internal policy is current and accurate, serves the interests of the entire agency and promotes good government. The group meets when a new policy is proposed, when an active policy is updated, and when a request is made for an active policy to be retired.



## State Agency Partnerships

It's all about teamwork and the importance of partnerships between Indiana state agencies. As part of DOR's Finance Division, the Budget team works closely with the State Budget Agency (SBA) to develop, monitor and manage DOR's overall budget, while the Revenue team works with SBA to provide revenue data and insight as they manage the state's revenue forecast.

The Budget team reports incremental tax collections for the Qualified Motorsports Investment District to the Motorsports Commission, while the Revenue team provides local income tax certified data to the SBA to assist them with determining the local income tax distributions to county governments.

The Budget & Revenue and Finance teams further provide various required information that is used to compile the state's Annual Comprehensive Financial Report by the Comptroller's Office, including information about credits, assets and other financial items.



## Governor's Cybersecurity Council & IOT Partnership

A perpetual mission for all DOR team members is ensuring the protection of taxpayer information. DOR's Security and Internal Compliance & Ethics teams help lead this effort by working with staff across the agency, the IRS and participating on Governor Holcomb's Cybersecurity Council and working collaboratively with the Indiana Office of Technology (IOT) to proactively address information security.



## MCS & INDOT

DOR continuously improves the state's trucking industry services through MCS and partnerships with the INDOT, ISP and Bureau of Motor Vehicles (BMV).



## BMV e-lien Project

A team effort between DOR and the BMV to manage titles electronically instead of maintaining paper files for new liens to be mailed to customers was a huge endeavor during FY24. In addition to all the underlying work, weekly meetings to walk through questions and gain clarity on how systems would interact and share information were necessary.

DOR worked with a project team from the BMV to understand the technical requirements and what would impact changes to our systems and procedures, and the service calls necessary between DOR and the BMV to exchange title information. Reviewing test scenarios that would satisfy DOR's testing needs and BMV's certification process was also required before going live with this new process and functionality.





## Worker's Compensation Board

Collaboration between DOR's Titles & Clearances team and the Worker's Compensation Board (WCB) of Indiana resulted in the Worker's Compensation Exemption Clearance Certificate (Form WCE-1) being added to INTIME. The Titles & Clearances team estimated, on average, that 50-70 of these forms were being processed daily, and adding the WCE-1 to INTIME would reduce correspondence with customers, improve service quality, and decrease the time to process the forms.

Together with the WCB, DOR worked to identify the deliverables that needed to be updated and provided direction on how to move forward while reducing confusion with the customer. Team meetings ensured all business areas had a say in the project and any issues were resolved. The form, now live on INTIME, has confirmed that more customers are completing the online versus paper version. The project's success was rooted in the team's ability to work collaboratively on the many new processes brought about during planning and execution.



## Indiana CPA Society and Tax Advisory Council

Our agency is grateful for the input and expertise of our thousands of Hoosier tax professionals, business stakeholders and advocates. DOR works closely with the Indiana CPA Society and all their members to serve Hoosiers and improve tax administration, including monthly calls with their Communication and Advocacy team and collaboration with the Tax Resource Advisory Council, with whom we meet with biennially.

Additionally, we have continued the Commissioner's Tax Advisory Council, which is made up of tax experts, business leaders and other interested Hoosiers who are invested in improving Indiana's tax administration.

This year, our work with these groups helped us clarify processes and strengthen official guidance on the newly implemented PTET, process Economic Development for a Growing Economy (EDGE) credits more efficiently and streamline and simplify letters issued to customers with unpaid taxes (proposed assessments and demand notice for payments), to name just a few improvements. Our partnerships with members of this community are immensely valuable, as they help inform how DOR can best serve each and every one of our Hoosier taxpayers.





# LEADERSHIP:

## *THROUGH POSITIVE ACTIONS, INSPIRE OTHERS TO BECOME MORE*

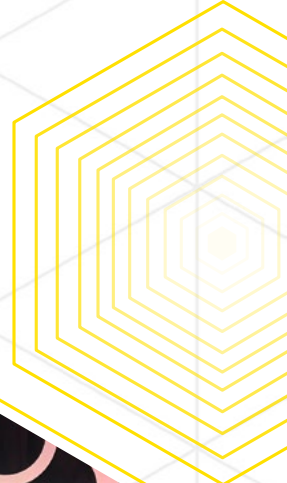
DOR's commitment to positive leadership, at all levels, is at the center of our award-winning culture and success story. We invest heavily in leadership development and take intentional action to inspire team members across the agency to be part of DOR's leadership community.

### Peer Leadership

The Employee Connection team, a diverse group of DOR team members, plans and executes activities that appeal to and impact our organization. Its mission is to improve the variety and success of these activities, promote connection between DOR team members, enrich our agency's culture and encourage all of us to find value and joy in what we do. Members of this team focus on building relationships, acting as ambassadors for their team, building leadership skills and positively impacting our agency and culture through valuable contributions outside of their normal day-to-day work.

DOR's Employee of the Month award celebrates the exceptional accomplishments of our team members, showcasing how they embody DOR's culture and live DOR's core values. The Employee of the Month (EOM) Committee, a group of eight DOR volunteer team members, are selected to review and score all EOM nominations. Serving in this capacity for one year, the goal is to have one committee member from each of DOR's functional business units, excluding directors or executive team members.

The Training team continued to enhance the agency's innovative leadership development and award-winning program, LE@DOR, providing new growth opportunities for participants in any role to carve their own, individual leadership journey.



LE@DOR was recognized this year by the Federation of Tax Administrators (FTA) with the Innovation and Excellence in Tax Administration award.

The structure of the LE@DOR Program is comprised of three main elements: activities, milestone points, and levels. Participants have access to numerous activities through the Participant Activity Checklist, designed to both draw from participants' strengths and challenge their areas of improvement. Each course and activity will have an associated number of points that, upon completion, the participant earns toward their overall LE@DOR Level.

A myriad of leadership resources, including online training and professional development opportunities, are also available on DORway via the SuccessFactors learning portal or through LinkedIn Learning.

## Director's Council

Through quarterly meetings for senior leadership, directors and executive directors are able to share information, solve challenges together and align on agency priorities. As a way to connect, Director's Council meetings served to equip leaders with relevant information to share with their teams and provided opportunities for discussions on ways to strategize for the future.

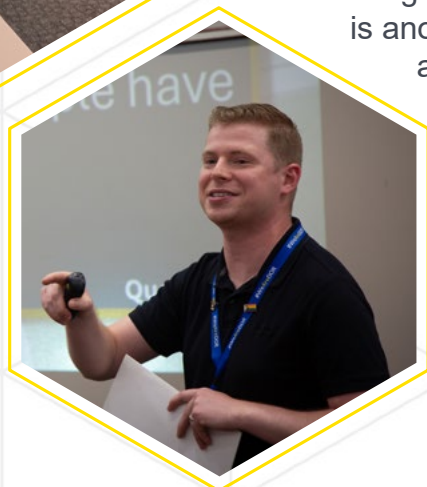
## Cultivating Leadership & Learning Together

DOR supervisors and team leads from Service Operations and MCS gathered for the first-ever Growing Leaders Conference, and it was a huge success! A great networking opportunity designed to cultivate personal and professional growth, participants attended seminars on topics including managing employees from different generations, handling stress, employee engagement, and workforce management.



There are currently two directors, eight assistant directors, 33 supervisors and 41 team leads in Service Operations, which includes Customer Service and Returns Processing Operations. These leaders support a team of more than 300 team members throughout the agency.

To accommodate schedules and meet the needs of the large team, there were two conferences, one for supervisors and another for team leads.



Attending the annual Federation of Tax Administrators conference is another learning opportunity for staff from all levels of state agencies, including DOR, to connect with professionals who share unique responsibilities. It's a way to learn from government experts as they share subject matter knowledge, including policy, programs and technology that advance the work of tax administration. It provides up-and-coming leaders exposure to the experiences, lessons learned and creative approaches of other tax administrators from agencies across the country.



# CONTINUOUS IMPROVEMENT: *BE RELENTLESS ABOUT ALWAYS GETTING BETTER*

DOR is passionate about finding ways to continuously improve our capabilities and performance. Through individuals, processes, systems, and all agency operations, this commitment fueled our agency transformation and continues daily.

## Spark Innovation Challenge

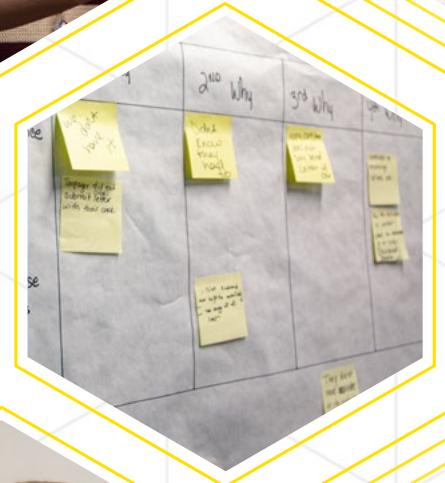
The Spark Innovation Challenge encourages all DOR team members to identify processes that could benefit from analysis and improvement, one of DOR's core values. These incremental changes result in significant efficiencies and better customer service.

Our homegrown Spark Innovation program provides practical learning using Six Sigma principles, data analysis and teamwork. The entire agency completed basic Six Sigma training, including defining, measuring, analyzing, improving, and controlling a project. Those interested in deepening their knowledge took part in additional, more involved training in order to partner with our process improvement team to develop innovative, operational system and service ideas that would result in impactful improvements.

One of many examples from FY24, is together with the Returns Processing Operations and Customer Service teams, DOR's Individual Tax Compliance (ITC) area used Spark Innovation to streamline the escalation process involving customer refunds that were awaiting specialized tax analyst review. The proposed solutions involved user-friendly enhancements to dor.in.gov, employing plain language and simplified instructions for better customer guidance. Implementation of the proposed solutions and collaboration with the different areas yielded reductions in escalation cases, manual reviews and phone calls. By streamlining the processes, ITC was able to process taxpayers returns in a more efficient manner.

## NextDOR '24

For DOR's ITS team, being relentless about always getting better means working to continuously identify improvements in our processes and technology to provide the best possible customer experience. Project NextDOR has been a tremendous success for DOR, Indiana's taxpayers, the tax practitioner community, and every organization and individual who is involved in Indiana's tax administration world.



We concluded Project NextDOR in July 2022, feeling confident about establishing a strong foundation of success for many years to come.

To maintain a positive experience for our taxpayers and to meet the needs of our internal customers, DOR is working toward upgrading our current ITS system as part of our NextDOR '24 project. Keeping our technology modernized and up to date helps ensure we are maximizing our investment in our system. The upgraded system will allow us to continue to offer new functionality to our customers, with the goal of making it easier for customers to do business with us. This upgrade continues that success story.

Expected to be completed in mid-November, NextDOR '24 will result in new functionality and an improved user experience, which will allow us to continue to keep our system current.



## Legal Division

The Legal division, a total of six teams, made significant investments in personnel, systems, and operations to better serve the agency, Indiana taxpayers, and their representatives during FY24.

These investments and associated improvements included filling several key vacancies with outstanding candidates who are now part of this high-performing team.

The Appeals team delivered a key taxpayer service improvement—the ability for taxpayers to file protests using DOR's customer portal, INTIME. This new online option makes the process of filing a protest easier and more efficient for taxpayers, and also streamlines the administrative side of the protest process—ultimately leading to faster and more accurate processing of taxpayer protests. A revised Protest Guide, developed and published by the Appeals team, focuses on the current protest process and details on filing a protest using INTIME.

Working collaboratively with DOR's Information Technology and Process Improvement teams to streamline the protest and settlement processes has been a big deal for the Legal team, as new legal operations system functionality will be implemented within ITS during FY25.

A number of process and service improvements within Legal Services enhanced the service provided to all DOR business units, including an enhanced contract, confidentiality agreement, and data sharing agreement development and management.

Our passion for continuous improvement is abundantly clear, as we have identified ways to improve operational efficiencies internally that enhance the overall internal and external customer experience in interacting with DOR's Legal team.



# RESPECT:

## *BE KIND, HUMBLE AND MINDFUL—APPRECIATE VALUE AND DIVERSITY*

Organizations are a collection of people who bring their unique talents, passions and expertise to support the organization’s mission. Team DOR cares deeply about who we are, what we do, and who we serve. We also care about each other and our work environment, while keeping respect at the core of how we serve, behave and treat each other.

### Training & Developing Team Members



DOR continues to invest in the training and development of team members and ensures that the diverse learning needs of everyone are met. Team members from across the agency connected in collaborative classroom workshops like Developing a Solution Mindset to learn together and from one another. Leveraging self-led computer-based training provided operational areas with the flexibility to implement process training, like Power of Attorney update training, in ways that met scheduling demands.



A variety of projects and priorities, like implementation of a new phone system, and continued updating of existing training programs for evolving processes and tools were supported by trainers across the agency. The training team also continues to invest in their own learning and development with a renewed focus on ensuring that training content meets accessibility requirements for all.

### #DORGivesBack



#DORGivesBack, an agencywide volunteer initiative, encourages our DOR family to give back to our customers, team members and communities. Since 2017, this program has allowed DOR team members to volunteer as a unified team while supporting various Indiana charitable organizations. Some of DOR’s selected organizations have included Gleaners, Jeffersonville Animal Shelter, Helping Veterans and Families, Hoosier Hills Food Bank and Second Helpings.



## Business Outreach & Other Education

Our Business Education Outreach Program helps businesses receive taxpayer education and advice early in the business formation process, aligning with state tax compliance laws. Free tax presentations are offered to a diverse group of Hoosier organizations. Tax information for tax practitioners, new and small businesses, specialty businesses, volunteer tax preparers and others are covered in the presentations, and experienced DOR representatives are available to answer questions.

DOR's New and Small Business Education Center focuses on ensuring Hoosiers have the best opportunity to succeed in business. Our goal is to help future business owners understand state laws, the tax filing process and what services are available to support as their business evolves. A basic overview and webinars that address business taxes and tax compliance are available on our website.

## Taxpayer Advocate Office

In accordance with Indiana Code § 6-8.1-11-3, the Taxpayer Advocate Office (TAO) provides high-quality specialized services to the unique needs of customers and partners facing complex tax issues that cannot be resolved through other DOR channels. The team is staffed with some of the agency's most senior Customer Service team members, who skillfully handle several programs and needs:

- Hardship
- Needs specific to active-duty military
- Needs specific to people who are incarcerated
- Offer in compromise
- Complex problem resolution
- Tax warrant expungement

TAO has focused on the core value of Respect: Be kind, humble and mindful. Appreciate and value diversity, by increasing collaboration with other areas of our organization, as well as building a team of various cultural and generational contributors, to boost innovation and creativity through varied levels of expertise and perspectives to provide caring service to those they serve.





# INTEGRITY:

***ALWAYS DO WHAT IS RIGHT—  
TAKE ACTION WHEN IT IS NOT***

The complex and important work we do requires the highest level of care, transparency, and honesty. We take that responsibility seriously and integrity guides us daily.

## **Internal Controls, Audit & Security**

The Internal Controls team continues to build upon its advanced framework, partnering with each unit of the agency to assess a multitude of risks, improve process controls and mitigate potentially negative incidents during our day-to-day course of business. The team's structure is in Workiva, an advanced platform for ongoing management of not only Internal Controls, but also the Internal Audit program that supports safe, compliant and effective operations. In FY24, the Internal Controls team finalized an additional seven processes, seven process flows and 61 controls.



Increased communications and an Internal Controls annual training program ensure all DOR team members are equipped to play their part in supporting the effective development and operation of crucial internal controls. This program was enhanced with additional content.

DOR's Internal Audit team continued to work with leadership and the audit committee to conduct audits that promote ethical behavior, enhance operational efficiency, ensure compliance with policies and procedures, and find ways to improve the services we provide.

To this end, in the spirit of our core values, the Internal Controls and Internal Audit teams lead DOR's effort to continuously improve and keep current our control framework and environment while demonstrating integrity, by always doing what is right and taking action when it is not.



## **Fraud & Individual and Business Tax Compliance**

The Fraud & Individual and Business Tax Compliance team has focused on the core value of Integrity: Always doing what is right and taking action when it is not, through training and ongoing system improvements to strengthen their ability to improve compliance.



Improved business rules, automation and process improvements continued to drive compliance and stop attempted refund fraud. During this timeframe, the ITC team identified and stopped 33% more in attempted fraudulent returns.

Additional staffing and enhanced procedures also allowed this team to identify potential fraudulent returns that needed to be reviewed for an accurate reflection of taxes owed, based on documented wages. Flagged returns requiring analyst review were reduced from over 250 days last year to 60 days this year.

By the end of FY24, the Compliance team successfully identified discrepancies in reported income and adjusted taxpayer returns that resulted in recovering \$33 million of invalid refund claims, a 33% increase in recoveries.

The onboarding of a new Food & Beverage and County Innkeepers Tax jurisdiction was another area of focus for the team. Education was provided to taxpayers and tax authorities implementing the taxes to increase business registration and monthly revenue.



## Information Security

Ensuring the protection of taxpayer information is an ongoing mission for all DOR team members. To help promote public confidence and trust in state government, DOR's Security and Compliance & Ethics teams equip team members with the knowledge and resources to always do the right thing and take action when it is not. This effort was led by:

- Championing the development of a process to consistently deliver service systems with stronger security configurations
- Leading DOR's disaster recovery and continuity of operations program
- Implementing a tool that enables the IT team to analyze system performance concerns and resolve security risks
- Spearheading the implementation of new technology to optimize the security of confidential data on DOR servers
- Participating on Governor Holcomb's Cybersecurity Council and working collaboratively with IOT to proactively address information security
- Stewarding all DOR team members through the completion of annual security and privacy awareness training
- Leading DOR's annual IRS Safeguards Audit and ensuring that all requirements are covered within DOR's systems and operations
- Reinforcing the understanding of and adherence to specific IRS regulations through monthly interactive trainings for team members performing specialized tasks
- Writing guidance documents and providing customized DOR department trainings

## Audit Operations

An audit is an examination of an organization's or individual's account and financial information to ensure information is reported correctly and taxpayers are fully compliant with Indiana tax laws. As audits are conducted, our Audit Operations staff verifies that all reported information is supported by a taxpayer's books and records. In fulfilling DOR's mission to administer taxes in a fair, secure, and efficient manner, this team focuses on ensuring and encouraging compliance to "level the playing field" among Indiana's taxpayers. We do this by following standard procedures and requirements, and selecting audit candidates based on various data points that might indicate a lapse in compliance or a reporting discrepancy.

Auditors from all corners of the state and beyond also gathered for meeting, learning and fun at DOR's sixth annual Audit Conference. #DORWeConnect was the theme of the conference, while "connecting" was the subject of every session. From personality profiles to guest speakers, this three-day event had a trivia contest running the entire conference, tying together DOR's history, culture and team members. Attendees included Audit team members and others from the Business Compliance, Special Investigations and Legal teams.



# MOTOR CARRIER SERVICES

Commercial motor vehicles travel more than 9.7 billion miles in Indiana each year. The movement of these vehicles impacts the safety conditions and traffic patterns of Indiana roads as well as the physical demands placed on them.

These roads play an important role in the state's economic success. As a premiere provider of government services to the motor carrier industry, MCS works collaboratively with INDOT and the Indiana State Police's Commercial Vehicle Enforcement division to provide guidance and service to motor carrier companies, commercial drivers and Indiana residents through the administration of state and federal laws governing the commercial use of the state's roads.

In FY24, a review of MCS was conducted by the Federal Motor Carrier Safety Administration (FMCSA) to certify compliance with the PRISM program. Results determined that MCS not only maintained full compliance but also leveled up to the highest possible rating, becoming the second state in the nation to achieve this milestone certification. MCS's Expanded PRISM status continues to enhance the safety of Indiana roads by immobilizing motor carriers with serious safety deficiencies.

Our industry-leading MCS division is comprised of six areas of business.

## Registrations

### Intrastate: Base Plate Registrations

Base plate registrations are available for companies with 25 or more commercial vehicles weighing 16,000 lbs. or more that only travel within Indiana (intrastate).



**Active Customers:** nearly 350

**Power Units:** 31,400

**Trailers:** nearly 8,000



## Interstate: International Registration Plan

A number of the largest carriers in the nation register their fleet for travel through Indiana (interstate) using DOR's IRP system. The continued modernization of IRP increased performance and efficiency in FY24 with duplicate address validation, suspicious miles validation, overall stability of the system and operational efficiencies, contributing to MCS's upgraded PRISM certification.



**Active Customers:** nearly 10,000  
**Power Units:** nearly 685,000  
**Trailers:** nearly 868,000

## Fuel Tax

Businesses operating motor vehicles within the state that have three axles or more on the power unit; a combination of power unit and trailing unit; or any vehicle over 26,000 pounds, must file a tax return based on fuel usage.

Vehicles subject to Fuel tax must be registered and annually renewed, including decals, license cards and quarterly returns. In FY24, legislation enacted exemptions to intrastate carriers subjected to Motor Carrier Fuel tax, easing the burden on carriers and reducing the issuance of decals. Customers can manage all of their International Fuel Tax Association and Motor Carrier Fuel tax transactions online any time using the MCS Fuel Tax System.



### International Fuel Tax Association

**Active Customers:** nearly 9,500  
**Decals Issued:** over 520,000



### Motor Carrier Fuel Tax

**Active Customers:** nearly 3,600  
**Decals Issued:** 627

## Indiana Oversize/Overweight Permitting System

In partnership with INDOT, MCS maintained its permitting service level agreements to customers throughout FY24, issuing nearly 420,000 specialty permits. The OSOW Permitting System, with continued enhancements including bridge integration, improved the overall safety and protection of Indiana routes. This automated permit system has dramatically increased self-service, automated route calculation and improved permitting service, reducing delays with over a 99% automated route approval.



## Indiana Operating Authority

An IOA application is required for transporting passengers, household goods, or general freight within Indiana, and the system streamlines those requests for a better customer experience—specifically for setting up payment plans and signing documents. In FY24, there were nearly 1,100 IOA renewals and over 160 new passenger/household good authorities granted.

The Unified Carrier Registration (UCR) fee is collected annually to interstate motor carriers to fund highway and safety programs. During FY24, MCS's IOA team managed the registrations for 17,228 Indiana-based UCR carriers and subsequently collected \$2,819,845.



## Titles

The Titles team processes vehicle titles for trucking companies and sole proprietors that are registered in Indiana. They assist motor carriers with transactions and work closely with the BMV to ensure timely processing while maintaining proper transaction security, which totaled nearly 140,000 in the fiscal year.



## Customer Service

The Customer Service team supports MCS transactions and works closely with the BMV to handle all Commercial Motor Vehicle-related transactions. They assist walk-in customers with various needs, from new IRP accounts to Fuel tax transactions. The team supports all areas of MCS and educates carriers on specific requirements, having just served over 13,000 customers—over 1,500 of which were new accounts.

# AUDIT STATISTICAL REPORT OF VIOLATIONS

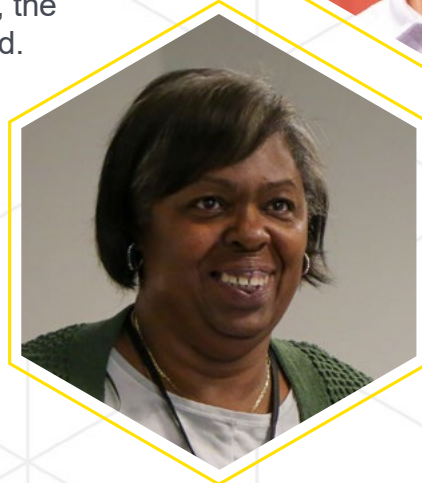
Indiana Code 6-8.1-14-4(2) requires DOR to provide a statistical study of audit results annually. The following paragraphs and tables detail the specific statutes or regulations (administrative rules) violated by taxpayers under audit for each tax type group. These violations are segregated by Corporate Income Taxes, Financial Institutions taxes, taxes due from pass-through entities including Composite tax and PTET; Employer Payroll Withholding tax; Sales and Use tax; Food and Beverage tax, Heavy Rental Excise tax, and County Innkeepers' tax; Cigarette Excise tax; and Motor Carrier taxes imposed by IRP and IFTA. The figures reflect the tax dollar impact of each violation.

The listed statute or regulation violations are segregated by the industry sector of the business associated with the violation. Where a customer's registration did not include an industry code (North American Industrial Classification System or "NAICS"), the column on that exhibit has been marked as unidentified.

Typically, a field audit includes the most recent three complete tax years, though it may include more or fewer tax periods. To expand the coverage among businesses reporting tax to Indiana, auditors and their supervisors may limit the scope of a field audit to include fewer tax periods or to focus only on certain tax issues.

The Audit Operations team is comprised of field auditors working in three business units:

- Sales and Income Audit team (all income, payroll withholding, sales tax and sales-related specialty taxes)
- Special Tax Audit team (excise taxes including tobacco, e-cig, and alcohol, but primarily cigarette tax)
- Motor Carrier Audit team (carrier taxes related to IFTA, IRP, and Indiana motor carriers)





# AMOUNT OF TAX ASSESSED

The tables of data that follow detail the audit adjustments, reflected in tax dollar changes, gleaned from audit worksheets and totaled by internal reports. Associated penalties and interest that may result from audit adjustments are not reflected in the data; these figures represent tax dollars only, with few exceptions which are noted by citation. Any tax refunds (sometimes an audit results in a refund) or negative adjustments posted are offset against tax assessments.

For **Indiana Corporate Income taxes**, the audit adjustments that are most common and result in the larger tax impacts are based on the definition of Indiana adjusted gross income, which includes required modifications (add-backs or deductions) to federal taxable income. Other large impacts derive from apportionment and allocation of receipts for multistate businesses and the composition of affiliated groups filing consolidated income tax returns.

## CORPORATE (C CORP.) INCOME TAX ADJUSTMENTS

STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS					
		2	3	4	5	6	7
45 IAC 3.1-1-106				4,179,177			
45 IAC 3.1-1-153			10,052	3,980,021			
45 IAC 3.1-1-50				134,784			
45 IAC 3.1-1-51	3,081,181		114,646			2,179	
45 IAC 3.1-1-55					-341,039		
45 IAC 3.1-1-59	8,462						
45 IAC 3.1-1-62	-2,251,589						
45 IAC 3.1-1-8	-443,387						
IC 6-3-1-20	894,359		13,378	299,201		43,338	
IC 6-3-1-3.5	-543,054	-126,154	495,893	11,802,269	135,127	143,856	10,701,445
IC 6-3-2-1	631		10,098	58,029			
IC 6-3-2-2	406,935		236,766	19,555,529			
IC 6-3-2-2.6	-4,928,424		-282,722	982,284	-25,293	-237,885	1,612,469
IC 6-3-2-20	54,508		7,808				
IC 6-3-4-14						61,166	
IC 6-3-4-6	-529,118						
IC 6-3.1-1-2							532
IC 6-3.1-4-1	227,182			4,252,551			
<b>TOTAL</b>	<b>-4,022,314</b>	<b>-126,154</b>	<b>605,919</b>	<b>21,639,307</b>	<b>-231,205</b>	<b>12,654</b>	<b>12,314,446</b>

Corporations doing business as financial institutions, as defined by Indiana Code (IC 6-5.5) are required to file **Financial Institutions tax (FIT)** returns. All FIT filers subject to audit, therefore, fall into the banking, financial, or credit extending industry sectors. Because the definition of subject taxpayers is so specific, the largest adjustments in terms of dollars and in count result from adding or removing entities filing combined FIT-20 returns. The authority for those adjustments is IC 6-5.5-2-1, which defines the computation of the tax base for FIT. At the end of FY24, FIT assessments totaled almost \$8 million. Most of that total related to removing non-subject affiliated corporations from the FIT-20 combined returns. This involves changes to the tax base as well as the receipts attributed to those entities in the apportionment formula.

<b>FINANCIAL INSTITUTIONS TAX ADJUSTMENTS</b>	
<b>STATUTE/RULE VIOLATED</b>	<b>TAX IMPACT OF ADJUSTMENT</b>
IC 6-3.1-7-3	\$1,515
IC 6-5.5-1-2	\$261,494
IC 6-5.5-2-1	\$5,595,360
IC 6-5.5-2-3	\$123,848
IC 6-5.5-2-4	\$10,795
IC 6-5.5-4-10	\$3,267,216
IC 6-5.5-4-11	\$73,442
IC 6-5.5-4-12	(\$73,441)
IC 6-5.5-4-3	(\$440,030)
IC 6-5.5-4-4	\$6,598,975
IC 6-5.5-4-5	(\$1,270,716)
IC 6-5.5-4-6	(\$537,539)
IC 6-5.5-4-7	(\$7,994,610)
IC 6-5.5-4-8	\$1,866,923
IC 6-5.5-4-9	\$1,063,976
IC 6-5.5-5-1	(\$772,266)
<b>TOTAL</b>	<b>\$7,774,942</b>

**Pass-through entities** (S corporations and partnerships) audited were subject to changes in the taxable income base, often as a result of failing to report all receipts, expenses, or modifications correctly. The adjustments to the base might result in additional Composite tax due for nonresident shareholders and partners which is assessed directly to the pass-through entity. Many of these audits required associated audits on those individuals or other entities who receive tax attributes from the pass-through entity. During this past fiscal year, Pass-through Entity Tax (PTET) enacted by the Indiana General Assembly in 2023 was subject to audit for the first time, with tax year 2022 being the first year it was effective. A summary of all tax imposed directly on S corporations and partnership entities is presented here:

PASS-THROUGH ENTITIES						
STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS				
		2	3	4	8	
45 IAC 3.1-1-66				20,774		
IC 6-3-4-12	6,516	3,628	4,236	1,390		879
IC 6-3-4-13	21,519			57,639		
IC 6-3.1-4-1			75,940			
IC 6-3.1-4-7			6,249			
IC 6-8.1-10-2.1				-9,561		
<b>TOTAL</b>	<b>28,035</b>	<b>3,628</b>	<b>86,425</b>	<b>70,242</b>		<b>879</b>

Audit Operations sales and income auditors occasionally conduct limited scope audits of individual taxpayers. **Individual Income tax** audits usually involve owners of pass-through entities (S corporation or partnership) or sole proprietors operating businesses. Often income, expenses, modifications, or credits that flow to individuals are adjusted. Audits completed resulted in various adjustments, the largest of which relates to additional net income or disallowed credits (such as research expense credit) flowing to shareholders of S corporations. Adjustments to Individual Income taxes are detailed in this table:

INDIVIDUAL INCOME TAX							
STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS					
		2	3	4	6	7	8
45 IAC 3.1-1-106	13,374	103,233	22,104	5,958		64,306	
45 IAC 3.1-1-2	273,797			18,487		52,888	
45 IAC 3.1-1-3	5,958				10,030		
45 IAC 3.1-1-66	4,427		74,239				
45 IAC 3.1-1-67	1,066,198	8,068	31,305	184,106	2,681	13,012	
IC 6-3-1-3.5	152,548			-225	20,013	4,066	9,775
IC 6-3-2-1				2,743			



## INDIVIDUAL INCOME TAX

STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS					
		2	3	4	6	7	8
IC 6-3-2-2.5	14,372						
IC 6-3-4-1	14,517						
IC 6-3-4-6	-106						
IC 6-3.1-1-2	3,339						
IC 6-3.1-4-5	937,250						
IC 6-3.1-4-7	278,958		170,253	64,960			
IC 6-3.6-2-13	-106						
IC 6-3.6-2-2	9,483						
<b>TOTAL</b>	<b>2,773,938</b>	<b>111,301</b>	<b>297,901</b>	<b>276,029</b>	<b>32,724</b>	<b>134,272</b>	<b>9,775</b>

For **Indiana Sales and Use taxes**, audit adjustments generally result from errors in collection and remittance of Sales tax by retail merchants and the misapplication of Sales/Use tax exemptions on purchases made. Business taxpayers often fail to accurately self-assess Use tax when Sales tax is not collected by the seller. Many larger Sales/Use tax audits are performed using stratified statistical sampling techniques to reduce the number of documents that need to be reviewed while maintaining desired precision and accuracy. Most credit (negative) adjustments stem from exemptions granted for manufacturers. The largest Sales tax assessments relate to sales by marketplace facilitators who failed to correctly collect and remit on retail sales.

## INDIANA SALES AND USE TAXES

STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS								
		1	2	3	4	5	6	7	8	9
45 IAC 2.2-1-1				14	9,085					
45 IAC 2.2-2-1								12,311		
45 IAC 2.2-2-2					663,879			54,743	31,156	
45 IAC 2.2-3-12			395,374	436	530	1,367				
45 IAC 2.2-3-15	44,696				7,775					
45 IAC 2.2-3-4	21,509		66,637	38,396	218,584	68,709	2,922	35,494	13,072	1,421
45 IAC 2.2-3-5					2,307					
45 IAC 2.2-3-6						22,050				
45 IAC 2.2-3-8			107,698		7,485					
45 IAC 2.2-3-9			34,330							
45 IAC 2.2-4-1					675,426			44,944	3,648	
45 IAC 2.2-4-13				-36,053				-1,846		
45 IAC 2.2-4-2			-53	-561	-7,618			36		
45 IAC 2.2-4-27			14,311	3,667	5,341	7,477	42	13,637	783	
45 IAC 2.2-4-31								250		

## INDIANA SALES AND USE TAXES

STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS									
		1	2	3	4	5	6	7	8	9	
45 IAC 2.2-4-8					667	931			101,175		
45 IAC 2.2-5-10				2,604	2,302						
45 IAC 2.2-5-12				1,144	-2,895				-5,920		
45 IAC 2.2-5-14				-1,641		-2,058			-206		-433
45 IAC 2.2-5-15	-15		-23,211	-223	-20,745	-12,371			-2,269		-5,831
45 IAC 2.2-5-16	-12			-5,558	-1,679				-500		
45 IAC 2.2-5-26	254			12	10						
45 IAC 2.2-5-36						180		-5,370			
45 IAC 2.2-5-4					543						
45 IAC 2.2-5-45					511			11			
45 IAC 2.2-5-8	-2,923		25,121	-20,283,779	-169	1,921			736		4,366
45 IAC 2.2-5-9			1,987								
45 IAC 2.2-6-14			173					27			
45 IAC 2.2-6-8	19,029			171,057	2,031,045	462,928	617,194	210,872	-33,687		563
45 IAC 2.2-8-12	44,953	4,329	17,615	116,277	-392,483	54,862	25,867	63,657		5,057	
IC 6-2.5-1-24	1,420		621	9,121	573	6,159	-480	3,339			
IC 6-2.5-1-5	209		102	14,360	601,547		125	1,310		3	
IC 6-2.5-3-8	41,301		116,535	465,434	246,197	76,188	22,059	36,269		21,559	420
IC 6-2.5-4-1					6,335						
IC 6-2.5-4-17	40		447	313	1,691			140			
IC 6-2.5-4-18				-348	-2,501					1,617,246	
IC 6-2.5-4-9	1,930	1,473	14,380	5,753	23,761	1,478	76	856		90	
IC 6-2.5-5-20				63	109,383			53,562			
IC 6-2.5-5-35	-662							-2,776			
IC 6-2.5-5-40				-4,416							
IC 6-2.5-5-45.8				16,130	110,021						
IC 6-2.5-5-5.1								-417			
IC 6-2.5-6-1	65,217			1,055	678,245	10,287		264,072		6,517	
<b>TOTAL</b>	<b>236,946</b>	<b>5,802</b>	<b>772,066</b>	<b>-19,486,744</b>	<b>4,975,151</b>	<b>700,107</b>	<b>662,612</b>	<b>883,329</b>	<b>1,663,978</b>	<b>1,970</b>	

Retail merchants engaged in certain activities are also subject to **County Inkeepers' tax (CIT)**, **Food & Beverage tax (FAB)**, **Heavy Equipment Rental tax (HRT)**, and **Waste Tire Management (TIF)** among other miscellaneous sales-related taxes. The table labeled "Miscellaneous Taxes" includes adjustments for all of these tax types together. Proposed adjustments for additional CIT, FAB, HRT, and TIF this past year are the result of merchants failing to correctly collect and remit the tax. FAB tax was assessed to a marketplace facilitator, as noted by an industry sector outside of the typical food/beverage seller. Combination businesses, such as gas station/convenience stores, are also frequently out of compliance with local FAB collection.

## MISCELLANEOUS TAXES

STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS			
		4	5	7	8
IC 13-20-13-7		(3,753)			843
IC 6-6-15-3		30,711	2,318		
IC 6-9-12-3		14,742			1,820,564
IC 6-9-20-4				6,366	115,211
IC 6-9-21-4		1,281			58,523
IC 6-9-25-4					4,474
IC 6-9-26-6		1,297			40,255
IC 6-9-27-4					129,154
IC 6-9-33-4				7,028	180,075
IC 6-9-35-8				14,231	683,079
IC 6-9-41-6					100,704
IC 6-9-48-5	5,718			6,242	67,539
IC 6-9-50-4					2,106
IC 6-9-51-4					78,414
IC 6-9-52-4					9,179
IC 6-9-8-2				7,496	
IC 6-9-9-2				6,317	
<b>TOTAL</b>	<b>5,718</b>	<b>44,279</b>	<b>2,318</b>	<b>47,680</b>	<b>3,290,119</b>

**Withholding tax** assessed from employers totaled over \$1.9 million, which includes both state and local payroll tax. Review of that data suggests noncompliance in withholding local (county) income tax from employees or failing to withhold and remit Payroll Withholding tax due in total.

## WITHHOLDING TAX ADJUSTMENTS

STATUTE/RULE VIOLATED	UNIDENTIFIED INDUSTRY	NAICS						
		2	3	4	5	6	7	8
45 IAC 3.1-1-101							54	
45 IAC 3.1-1-97	8,678						5,266	
IC 6-3-4-8	41,317	97,348	358,359	611,432	744,240	19,616	79,594	20,299
<b>TOTAL</b>	<b>49,995</b>	<b>97,348</b>	<b>358,359</b>	<b>611,432</b>	<b>744,240</b>	<b>19,616</b>	<b>84,914</b>	<b>20,299</b>



DOR is charged with diligently enforcing compliance with **Cigarette tax** stamping requirements in order for Indiana to receive payment through the tobacco industry’s Master Settlement Agreement (MSA). Audit Operations’ Special Tax Audit team has a goal of examining each distributor within a three-year time span to achieve this, allowing Indiana to collect millions of dollars through the MSA. Cigarette Excise tax audits yielded over \$300,000 in additional tax, under the authority of IC 6-7-1-12.

CIGARETTE TAX ADJUSTMENTS		
STATUTE/RULE VIOLATED	NAICS	
	3	4
IC 6-7-1-12	49,432	251,607

Our Motor Carrier field audit team is responsible for auditing a range of carriers in size of fleet. We measure the size of the carrier by a class code, with Class 1 encompassing smaller carriers and Class 5 being larger carriers. The auditors examine carriers’ records for compliance with fuel consumption and mileage reporting requirements and have quantitative audit quotas to comply with the IFTA and IRP requirements. Both IFTA and IRP require that we audit an average of 3% of our carrier base each calendar year. This amounts to an average of approximately 270 IFTA audits and 270 IRP audits we must complete each year. IRP involves the registering of subject vehicles and corresponding mileage reporting for accurate distribution to all jurisdictions in which the carriers operate. All adjustments made are supported by the IFTA and IRP audit authority. IFTA and IRP audits completed in fiscal year ended June 30, 2024 assessed about \$1.5 million. Of this, approximately \$876,000 was assessed on behalf of Indiana. The audits of carriers cover all jurisdictions in which a carrier operates, so much of the tax assessed lands outside Indiana. Assessments break down this way in audit count and dollars adjusted for Indiana.

MOTOR CARRIER AUDITS			
Class 1	IFTA	146	272,407
	IRP	147	24,040
Class 2	IFTA	97	212,076
	IRP	96	23,151
Class 3	IFTA	30	92,385
	IRP	32	16,668
Class 4	IFTA	10	139,056
	IRP	12	7,384
Class 5	IFTA	1	62,199
	IRP	1	26,833

## INDUSTRY SECTORS

CLASS	EXPLANATION
	Agricultural; Forestry
2	Mining; Oil and Gas Extraction; Construction
3	Manufacturing
4	Wholesale; Retail; Transportation
5	Information; Publishing; Telecommunications; Finance; Retail Insurance; Real Estate; Leasing; Professional Services
6	Education; Health Services
7	Arts; Entertainment; Recreation; Food Services; Accommodations
8	Repair; Personal Services; Other Services
9	Public Administration; Unrelated Business Activities; Individuals

# TAXPAYER BILL OF RIGHTS



**Quality Taxpayer Service**



**Preservation of Taxpayer Rights**



**Taxpayer Education & Information**



**Fair Collections Process**



**Hearing Time & Representation**



**Demand Notices**



**Warrants for Collection of Tax**



**Judgment Liens Against Property**



**Annual Public Hearing & Report**



**Taxpayer Responsibilities**

*Learn more about your Taxpayer Bill of Rights*



# AREAS OF RECURRING TAXPAYER NON-COMPLIANCE

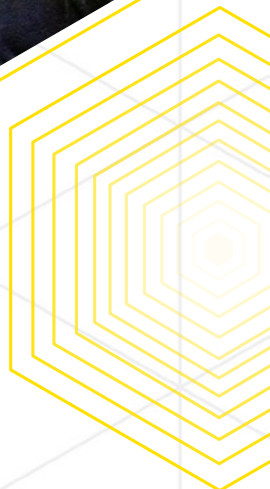
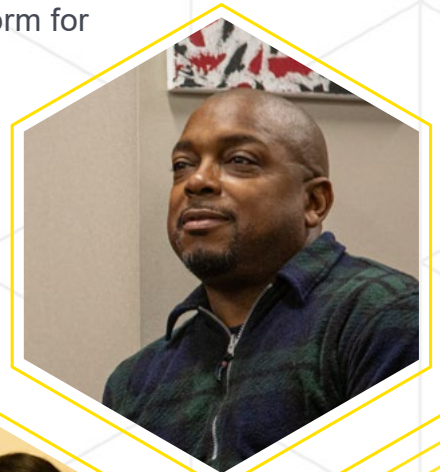
DOR receives unidentified checks from customers, the majority of which are sent without a corresponding voucher. When this happens, DOR tax analysts must determine what taxpayer, account and period the check is for. This requires manual research, data entry and processing. More than 16,000 unidentified checks were received in FY24.

Customers who file paper returns sometimes mistakenly submit an incorrect or outdated form. When this happens, the filing process slows down and requires manual processing by a DOR tax analyst. Over 16,000 outdated paper returns required manual processing in the fiscal year.

In addition to those errors, over 119,000 customer returns required manual intervention due to one or more of the following reasons:

- Account adjustments and corrections had to be made due to incorrectly amended and duplicate returns.
- The customer claimed an estimated payment on their return, but DOR records did not reflect any estimated payments on their account.
- The customer failed to include Social Security number(s), name(s), address(es) or county code(s) on their return or used the wrong form for the filing year.
- DOR had to verify duplicate names filing with the same address.
- DOR had to verify if credits claimed by customers were claimed properly.
- An invalid account and/or filing status mismatch, which occurs when customers change filing status (single, married, filing jointly or filing separately), was filed.
- Missing schedules, forms and W-2s for state, county and local taxes withheld and/or incomplete and/or incorrect account numbers were filed.
- Tax returns and/or Social Security benefit documentation were missing from Automatic Taxpayer Refund verification.

DOR is on a mission to reduce these types of occurrences through taxpayer education, enhanced guidance and form improvements.



# DOR LOCATIONS

1. Bloomington
2. Clarksville
3. Columbus
4. Evansville
5. Fort Wayne
6. Indianapolis
7. Kokomo
8. Lafayette
9. Merrillville
10. Muncie
11. South Bend
12. Terre Haute



# LEGISLATIVE REQUIREMENTS

In accordance with IC 6-8.1-14-4, the Indiana Department of Revenue's Annual Report must include the following:



## 1. Areas of recurring taxpayer noncompliance

### 2. A statistical study under IC 6-8.1-7-2 from DOR's audit process, including the following:

- The statute or rule violated by the taxpayers
- The amount of tax involved
- The industry or business of the taxpayers
- The number of years in the audit period
- The use of professional tax preparation assistance by the taxpayers
- The filing of appropriate tax returns by the taxpayers



### 3. Recommendations for improving taxpayer compliance and DOR administration by the following:

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

### 4. The certification required under IC 6-8.1-3-2.6.

### 5. The following information:

- Number of taxpayers
- Amount of gross collections
- Amount of net collections
- Amount of refunds
- Amount of customer retained collection allowances
- Amount of administrative costs
- Amount of delinquencies by type of tax collected by DOR







## **INDIANA DEPARTMENT OF REVENUE**

100 North Senate Avenue

Indianapolis, IN 46204

[www.in.gov/dor/about/contact-us/](http://www.in.gov/dor/about/contact-us/)