

Overall Goal Regarding Personal Property Return Filing and Payment

To provide Indiana taxpayers with additional options for filing personal property tax returns and paying the related property tax installments so that it would simplify processes, improve accuracy, and save time and expense for both taxpayers and local government. This would be achieved by a combination of:

1. Reduction and consolidation of forms / simplification of filing process / elimination of duplicate signatures.
2. Online filing and payment utilizing existing technology.

The goal is simply to reduce the administrative burden on taxpayers and local government, and not to save taxes. As the Tax Foundation points out, "While there is insufficient empirical data on how much time businesses spend filling out personal property forms, it is a burden that weighs most heavily on new business that must find and detail this information for the first time."¹

The Tax Foundation statement is supported by a comment from a Hoosier business owner posted on the Indiana Department of Revenue webpage at <http://in.gov/dor/5121.htm> : "I own three franchise quick service restaurants in Hamilton County. Please do something to reduce the financial burden created by personal property taxes on businesses. This year I paid my accountant \$700 per location to prepare these tax returns. The tax owed is actually less than the cost of the preparation."

Filing of Personal Property Tax Returns

1. Allow consolidated filing of returns, either in total for the state or by county.
2. Allow for electronic filing at the state level (similar to railcar or utility returns filed with DLGF then transmitted to county assessors) or at the county level.

Electronic filing:

- a. Utilize a standardized Excel spreadsheet to file electronically. Would enable taxpayers to cut and paste or link from existing fixed asset systems reports or Excel spreadsheets. Excel could have separate tabs for general information, questions, pools, etc.
- b. Alternatively, utilize a state on-line program to file electronically.
- c. Access to the Excel file or the on-line program would be accessed via a secure website requiring taxpayer-specific log-on credentials.
- d. Orange County Florida allows taxpayers to choose Excel or the county's program; located at http://www.ocpafl.org/tpp/tpp_file_online.aspx
- e. Allow the electronic returns to be saved and re-accessed the following year to serve as a starting point for the next year's returns, thus saving time and minimizing input errors.
- f. For counties that have adopted an ordinance that exempts business personal property located in the county from property taxation (if the acquisition cost is less than \$20,000), e-filing would eliminate the need for taxpayers to file with the county assessor a paper copy of the annual certification stating their business personal property in the county is exempt for that assessment date.
- g. Property tax instructions, and possibly the regulations, could be imbedded into the Excel spreadsheet or the on-line program, reducing printing costs and giving taxpayers quick access to property tax rules.
- h. A penalties of perjury signature statement could be included as a box to check in the Excel spreadsheet or the on-line program, serving as the required signature.

¹ "States Moving Away From Taxes on Tangible Personal Property" Background Paper Number 63; Joyce Errecart, Ed Gerrish, and Scott Drenkard; Tax Foundation; October, 2012; p.5

Paper filing:

- a. Revamp the paper forms to mimic the Excel spreadsheet or on-line program for taxpayers without access to Excel or the state on-line program.
 - b. Require only one signature for the entire property tax return instead of the multiple signatures that are currently required for separate forms such as 103-P (air or water pollution control facilities) and Form 106 (adjustments to business tangible personal property), among others.
3. Eliminate Form 103-T (tooling) and the listing of separate items of tooling; instead add another pool with depreciable rates of 30% and 3%.
 4. Eliminate Form 103-N (not owned personal property) and 103-O (owned personal property). The Form 103-N separate listing identifies property on hand but not owned, forcing the owner to file a return. Query: is the cost spent gathering this information greater than the tax collected?

Payment of Property Tax Installments

1. Mandate counties to offer an electronic tax bill (e-billing) and e-payment. Currently, IC 6-1.1-22-8.1 only allows counties to *offer* e-billing to taxpayers. A mandate would improve convenience for taxpayers and, in the long-term, save the county printing and mailing costs.
2. Re-configure the design of the TS-1 to allow receipt of one property tax bill for multiple parcels of real property for each location, instead of receiving one bill per parcel. Taxpayers currently receive one personal property tax bill per filed return.
3. Property tax payments are due each year on May 10 and November 10. Under a new provision, county treasurers must mail property tax bills at least 15 business days before the May 10 due date; e-billing would lessen this burden and reduce printing and mailing costs.

Develop Taxing District Search Tool on DLGF Webpage

Create a taxing district look-up on the DLGF webpage, similar to the assessed value search tool currently available at <http://www.in.gov/dlgef/4931.htm>. This tool will help tax preparers with identifying the proper taxing district, which is needed to complete the various personal property tax, abatement, and other necessary forms that require the tax district information.

Summary

The minimization of resources expended by both taxpayers and local government to comply with the reporting and payment of personal property taxes, in a small way, should help Indiana create a more competitive tax climate. If it is made easier for business owners to comply with tax rules and regulations, they will have more time to work to expand and add more jobs.