THE TAX COLLECTION PROCEDURE OF THE STATE OF INDIANA

Table Of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Contents</td>
<td>-i-</td>
</tr>
<tr>
<td>I. Introduction</td>
<td>-1-</td>
</tr>
<tr>
<td>II. The Department's Audit and Investigatory Powers</td>
<td>-1-</td>
</tr>
<tr>
<td>III. Assessment</td>
<td>-2-</td>
</tr>
<tr>
<td>IV. Demand Notice for Payment</td>
<td>-4-</td>
</tr>
<tr>
<td>V. Tax Warrants</td>
<td>-5-</td>
</tr>
<tr>
<td>VI. Collection</td>
<td>-7-</td>
</tr>
<tr>
<td>VII. Penalties and Interest</td>
<td>-9-</td>
</tr>
<tr>
<td>VIII. Death Taxes</td>
<td>-10-</td>
</tr>
<tr>
<td>IX. Property Taxes</td>
<td>-18-</td>
</tr>
<tr>
<td>X. Adjusted Gross Income Tax</td>
<td>-36-</td>
</tr>
<tr>
<td>XI. Gross Income Tax</td>
<td>-45-</td>
</tr>
<tr>
<td>XII. Sales and Use Taxes</td>
<td>-49-</td>
</tr>
</tbody>
</table>
I. Introduction.
A. In general, the main types of taxes collected in the state of Indiana are, the sales and use taxes, income taxes, death taxes and property taxes.
B. The Indiana Department of State Revenue is charged with the responsibility of collecting the following taxes:
1. Gross income tax (I.C. 6-2.1);
2. Adjusted gross income tax (I.C. 6-3);
3. State gross retail and use taxes (I.C. 6-2.5);
4. Supplemental net income tax (I.C. 6-3-8);
5. County adjusted gross income tax (I.C. 6-3.5-1.1);
6. County option income tax (I.C. 6-3.5-6);
7. Pari-mutuel taxes (I.C. 4-31-9-3 thru 9-5);
8. Riverboat admissions tax (I.C. 4-33-12);
9. Riverboat wagering tax (I.C. 4-33-13);
10. County economic development income tax (IC 6-3.5-7);
11. Municipal option income tax (IC 6-3.5-8);
12. Auto rental excise tax (IC 6-6-9);
13. Financial institutions tax (IC 6-5.5);
14. Alternative fuel permit fee (IC 6-6-2.1);
15. A motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3;
16. Various innkeeper's taxes (IC 6-9);
17. Various county food and beverage taxes (IC 6-9);
18. County admissions tax (IC 6-9-13 and IC 6-9-28);
19. Oil inspection fee (IC 16-44-2);
20. Emergency and hazardous chemical inventory form fee (IC 6-6-10);
21. Penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30);
22. Fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30);
23. Underground storage tank fee (IC 13-23);
24. Solid waste management fee (IC 13-20-22); and
25. Any other tax or fee that the department is required to collect or administer.
C. The Department's Special Tax Division administers and enforces the following taxes:
1. Bank tax (IC 6-5-10);
2. Savings and loan association tax (IC 6-5-11);
3. Production credit association tax (IC 6-5-12);
4. Gasoline tax (IC 6-6-1.1);
5. Special fuel tax (IC 6-6-2.5);
6. Motor carrier fuel tax (IC 6-6-4.1);
7. Hazardous waste disposal tax (IC 6-6-6.6);
8. Cigarette tax (IC 6-7-1);
9. Alcoholic beverage taxes (beer excise, liquor excise, wine excise, hard cider excise and malt excise taxes) (IC 6-7.1-4);
10. Petroleum severance tax (IC 6-8-1);
D. The Department is responsible for collecting the following taxes only where there is delinquency or evasion:
1. Motor vehicle excise tax (IC 6-6-5); and
2. Commercial vehicle excise tax (IC 6-6-5.5); See: I.C. 6-8.1-3-1.
II. The Department's Audit and Investigatory Powers.
A. The department may audit any returns filed in respect to the above listed taxes, may appraise property if the property's value relates to the administration or enforcement of those listed taxes, may audit gasoline distributors for financial responsibility, and may investigate any matters relating to the above listed taxes. I.C. 6-8.1-3-12.
B. For purposes of conducting its audit or investigative functions, the department may:
1. Subpoena the production of evidence;
2. Subpoena witnesses; and
3. Question witnesses under oath. The department may serve its subpoenas or it may order the sheriff of the county in which the witness or evidence is located to serve the subpoenas. I.C.
C. The department may enforce its audit and investigatory powers by petitioning for a court order in any court of competent jurisdiction located in the county where the tax is due or in the county in which the evidence or witness is located. If the evidence or witness is not located in Indiana or if the department does not know the location of the evidence or witness, the department may file the petition in a court of competent jurisdiction in Marion County. The petition to the court must state the evidence or testimony subpoenaed and must allege that the subpoena was served but that the person did not comply with the terms of that subpoena. I.C. 6-8.1-3-12.

D. Upon receiving a proper petition the court shall promptly issue an order which:
1. Sets a hearing on the petition on a date not more than ten (10) days after the date of the order; and
2. Orders the person to appear at the hearing prepared to produce the subpoenaed evidence and give the subpoenaed testimony. If the defendant is unable to show good cause for not producing the evidence or giving the testimony, the court shall order the defendant to comply with the subpoena. If the defendant fails to obey the court order, the court may punish him for contempt. I.C. 6-8.1-3-12.

III. Assessment.

A. If the department reasonably believes that a person has not reported the proper amount of tax due, the department shall make a proposed assessment of the amount of the unpaid tax on the basis of the best information available to the department. I.C. 6-8.1-5-1(a).

B. Notice.
1. The department shall send the person a notice of the proposed assessment through the United States mail. I.C. 6-8.1-5-1(a).
2. If the person has a surety bond guaranteeing payment of the tax for which the proposed assessment is made, the department shall furnish a copy of the proposed assessment to the surety. IC 6-8.1-5-1(b).
3. The notice shall state that the person has sixty (60) days from the date the notice is mailed to pay the assessment or to file a written protest. I.C. 6-8.1-5-1(c).

C. Penalties and interest. The amount of the assessment is considered a tax payment not made by the due date and is subject to IC 6-8.1-10 concerning the imposition of penalties and interest. I.C. 6-8.1-5-1(a).

D. Reasons for sending notice of proposed assessment.
1. Late payment. If the payment is made after due date and penalty and interest are not included with the payment, the Department adds a 10% penalty of the base tax due or $5, whichever is more, plus interest to the amount due, unless:
   a. It is a late tax return for underground storage tank, hazardous chemical inventory, alcoholic beverage, cigarette, or prepaid sales tax - then there will be a 10% penalty and no $5 minimum;
   b. It is an international fuel and motor carrier fuel tax return then the Department adds a 10% penalty of the base tax due or $50, whichever is more; or
   c. It is an excise tax return for an aircraft in which case the penalty is 20% of the base tax due or $20, whichever is more.
2. Failure to File. If a taxpayer responsible for reporting tax does not file a return, the Department estimates the taxes based on the best information available to it, adds a penalty of 10% of the base tax due or $5, whichever is more, and adds interest to the amount, unless:
   a. It is a cigarette tax return - then the penalty is $10 per return; or
   b. It is a special fuel form SF-40, in which case the penalty is $1,000.
3. Desk Examination. The Department discovers an error in the amount of tax, penalty or interest due. Examples:
   a. Using wrong county rate.
   b. Calculating an amount incorrectly.
4. Audit Findings.
   a. The Department is required by law to audit a sampling of tax returns each year and to send an audit report.
   b. If after conducting the audit, the Department finds tax, penalty or interest are due, it will send a notice of proposed assessment. See: Indiana Department of Revenue, Publication A, issued February 2001.
E. Burden of proof. The burden of proving that the proposed assessment is wrong rests with the person against whom the proposed assessment is made. I.C. 6-8.1-5-1(a). See also: ClifR v. Indiana Dep't of Revenue, 748 N.E.2d 449 (Ind. Tax 2001).

F. Statute of limitations for issuing proposed assessment.
1. Three year statute of limitations. The Department must issue a proposed assessment within three (3) years of the latest of the following:
   a. The date on which the return is filed;
   b. The due date of the return; or
   c. In the case of a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax, the end of the calendar year which contains the taxable period for which the return is filed.

2. Six year statute of limitations. The time period is extended to six (6) years when a person understates income, by at least 25 percent (25%), on a gross income tax, supplemental net income tax, county adjusted gross income tax, county option income tax, or financial institutions tax return.

3. No time period. If a person files a fraudulent, unsigned, or substantially blank return, or if a person does not file a return, there is no time limit within which the department must issue its proposed assessment.
   a. Failure to properly register a vehicle and to pay the motor vehicle excise tax due is considered failure to file a return.
   b. Failure to properly register a commercial vehicle and to pay the commercial vehicle excise tax is considered failure to file a return.

4. Agreement to extend assessment time period. If, before the end of the time within which the department may make an assessment, the department and the person agree to extend that assessment time period, the period may be extended according to the terms of a written agreement signed by both the department and the person. The agreement must contain:
   a. the date to which the extension is made; and
   b. a statement that the person agrees to preserve the person's records until the extension terminates. The department and a person may agree to more than one (1) extension.

5. Effect of assessment of federal deficiency or filing an amended federal income tax return on statute of limitations. If a taxpayer's federal income tax liability for a taxable year is modified due to the assessment of a federal deficiency or the filing of an amended federal income tax return, then the date by which the department must issue a proposed assessment for adjusted gross income tax is extended to six (6) months after the date on which the notice of modification is filed with the department by the taxpayer. See: I.C. 6-8.1-5-2.

G. Taxpayer protest of proposed assessment.
1. If the person files a protest and requires a hearing on the protest, the department shall:
   a. Set the hearing at the department's earliest convenient time; and
   b. Notify the person by United States mail of the time, date, and location of the hearing. I.C. 6-8.1-5-1.

2. The department may hold the hearing at the location of its choice within Indiana if that location complies with IC 6-8.1-3-8.5.

3. The department may continue the hearing until a later date if the taxpayer presents additional information at the hearing or the taxpayer requests an opportunity to present additional information after the hearing. I.C. 6-8.1-5-1.

H. Department's Letter of Findings.
1. No later than sixty (60) days after conducting a hearing on a protest, or after making a decision on a protest when no hearing is requested, the department must issue a letter of findings. A copy of the letter of findings must be sent by U.S. mail to the person who filed the protest and to his surety, if the surety was notified of the proposed assessment.

2. Request for rehearing. A person that disagrees with a decision in a letter of findings may request a rehearing not more than thirty (30) days after the date on which the letter of finding is issued by the department. The department shall consider the request and may grant the rehearing if the department reasonably believes that a rehearing would be in the best interests of the taxpayer and the state.

3. Appeal to Tax Court. If a person disagrees with a decision in a letter of finding, the person may appeal the decision to the tax court.
However, the tax court does not have jurisdiction to hear an appeal that is filed more than one hundred eighty (180) days after the date on which the letter of finding is issued by the department.

b. The tax court shall hear the appeal de novo and without a jury.

c. The tax court may do the following:
   i. Uphold or deny any part of the assessment that is appealed.
   ii. Assess the court costs in a manner that the court believes to be equitable.
   iii. Enjoin the collection of a listed tax. See: I.C. 6-8.1-5-1.

I. Settlement of tax liability dispute before or after original tax appeal.

1. Before an original tax appeal is filed with the tax court the commissioner may settle any tax liability dispute if a substantial doubt exists as to:
   a. the constitutionality of the tax under the Constitution of the State of Indiana;
   b. the right to impose the tax;
   c. the correct amount of tax due;
   d. the collectibility of the tax; or
   e. whether the taxpayer is a resident or nonresident of Indiana. I.C. 6-8.1-3-17(a).

2. After an original tax appeal is filed with the tax court, and notwithstanding IC 4-6-2-11, the commissioner may settle a tax liability dispute with an amount in contention of twenty-five thousand dollars ($25,000) or less. I.C. 6-8.1-3-17(b).

J. Taxpayer's responsibility upon receiving notice.

1. Reply by due date on bill.
2. Sixty days from date of mailing to pay tax or file written protest. I.C. 6-8.1-5-1.
3. Failure to respond by due date will result in department starting collection efforts.

IV. Demand Notice for Payment.

A. The department shall demand payment, as provided in IC 6-8.1-8-2(a), of any part of the proposed tax assessment, interest, and penalties that it finds owing. 6-8.1-5-1.

B. Reasons for sending.

1. The person failed to respond to the notice of proposed assessment within the sixty day period. I.C. 6-8.1-5-1.
2. The person requested a hearing but failed to appear at that hearing. I.C. 6-8.1-5-1.
3. After consideration of the evidence presented in the protest or hearing, the department finds that the person still owes tax. I.C. 6-8.1-5-1.
4. Failure to pay the full amount due when the tax return was filed. I.C. 6-8.1-8-2.
5. Returned check. The tax payment was made with a check the department could not cash.
   a. The Department will send the taxpayer two notices:
      i. The first one giving the taxpayer ten (10) days to send the value of the check plus a 10% penalty (or $5, whichever is more) of the amount due on the check, plus interest; and
      ii. If the person does not respond to the first notice, the second notice requests payment of the amount of the check plus payment of a penalty equal to 100% of the amount of the check plus interest. I.C. 6-8.1-10-5.
   b. All NSF checks over $500 go to Criminal Investigation Division for criminal prosecution. Indiana Department of Revenue, Publication A, issued February 2001.
6. Sixty days have elapsed since sending the notice of proposed assessment.
7. The Department has made findings at a hearing that the taxpayer owes the tax. I.C. 6-8.1-5-1(c).

C. Manner of making notice:

1. The department shall make the demand for payment in the manner provided in IC 6-8.1-8-2.

D. When Notice not required. Jeopardy Assessment.

1. If the department.
   a. has sent a notice of proposed assessment to a taxpayer by United States mail and the notice is returned to the department because the taxpayer has moved and the department is unable to determine the taxpayer's new address; or
   b. finds that the taxpayer owing taxes intends to:
      i. flee the jurisdiction
      ii. remove property from the state
iii. conceal property in the state or
iv. do any other act that would jeopardize the collection of taxes.

2. It may:
   a. declare person's tax period at an end,
   b. immediately make an assessment for taxes owing and
   c. demand immediate payment of the amount due without the notice otherwise required.
      I.C. 6-8.1-5-3.

   a. If payment is not made immediately, the department may issue or request the state
      police department to serve a jeopardy tax warrant.  I.C. 6-8.1-5-3.
   b. The Department may then, with or without assistance of county sheriffs levy on and
      sell the taxpayer's property.
   c. The Department may accept a bond from taxpayer which is at least equal to the total
      liability of the taxpayer.  I.C. 6-8.1-5-3.

E. Time frame for payment - taxpayer's responsibility upon receiving.
   1. Upon receiving the notice the taxpayer must call or write the department by the due date.
   2. The taxpayer will has ten (10) days from the due date on the notice to pay the total amount due.

V. Tax Warrants.
   A. Reasons for issuance.  Failing to address either a proposed assessment or demand notice.
   B. Place of filing.
      1. The warrant is to be filed In the clerk's office(s) in the county(ies) in which taxpayer holds
         assets or owns property.  I.C. 6-8.1-8-2(b).
      2. The Department may file the warrant or it may have the sheriffs of those counties file the
         warrant.
   C. Collection of tax warrant.
      1. The warrant is sent to the sheriff's office in the county where the warrant was filed for
         collection.
      2. The sheriff may collect the amount of the tax due, plus penalty, interest, clerk's costs and a
         collection fee of 10% of the base tax due on bill.  I.C. 6-8.1-8-2.
      3. The sheriff must attempt to levy and collect a judgment lien on a tax warrant for a period of
         60 days from the date the lien is entered, unless the Department relieves him of that duty at an
         earlier time. 6-8.1-8-3(a). The sheriff has 120 days to collect. Methods available:
         a. Sale of property at auction - unless taxpayer files an objection with the clerk of the
            court where the tax warrant was recorded within five days after the sheriff notifies the
            taxpayer of the taxpayer's right to object. 6-8.1-8-3(b).
         b. Garnishment of wages.
         c. Levy on bank account or chose in action.  The sheriff is to sell any property necessary
            to satisfy the tax warrant in a manner most likely to bring the highest net proceeds.  I.C.
            6-8.1-8-3. 4.
      4. Treatment of sale proceeds.  The sale proceeds are to be deposited in a trust account then
         disbursed in following order:
         a. Amount representing taxes, interest and penalties disbursed to the Department.
         b. Assessed costs of county treasurer and clerk paid.
         c. 10% collection fee paid to the sheriff.
         d. Balance to the taxpayer.
      5. If the sheriff is unable to collect within 120 days, the warrant is returned to the Department.
         The Department may then institute legal action for collection or turn it over to a collection
         agency, attorney, etc. 6-8.1-8-4.
      6. Statutes exempting property from levy by creditors do not apply to levy and sale proceedings
   D. Effect of tax warrant.
      1. Once the warrant is entered by the clerk on the judgment record, it becomes a judgment lien
         against the taxpayer.  I.C. 6-8.1-8-2(c).
      2. The lien attaches to the taxpayer's interest in any chose in action and any interest in real and/or
         personal property (except negotiable interests that are not due.  I.C. 6-8.1-8-2(d).
      3. A tax warrant is valid for up to ten (10) years from the date of filing and may be renewed for
         additional ten (10) year periods by filing an alias tax warrant with the clerk of the court in

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which liens previously existed. I.C. 6-8.1-8-2(f).

4. Warrant information will appear on any credit report or title search for up to seven (7) years. See: Indiana Department of Revenue, Publication A, issued February 2001.

E. Uncollected Tax Warrants.

1. Reporting - The Department prepares a list of outstanding tax warrants each month. Unless renewed, tax warrants must be removed from list after ten (10) years. I.C. 6-8.1-3-16.

2. Effect of presence on tax warrant list.
   a. If on the tax warrant list, the Department may not issue the taxpayer a retail merchant's certificate, a motor fuel distributor's license, a special fuel license, or a commercial motor vehicle permit unless the taxpayer makes satisfactory payment arrangements with the department or a release is issued under I.C. 6-8.1-8-2(k). I.C. 6-8.1-3-16.
   b. Lien on Automobile.
      i. Before issuing a title to a motor vehicle, the Bureau of Motor Vehicles shall search the most recent monthly list of outstanding warrants. If the purchaser or assignee's name is on the list, the Bureau shall enter the State of Indiana as lienholder on the title.
      ii. The lien on the title is subordinate to a perfected security interest and is on parity with other title liens.
      iii. The original automobile title will be retained by the Department and notice sent to the taxpayer that the Department is retaining the title. I.C. 6-8.1-3-16.

3. Actions available after tax warrant returned uncollected. If a tax warrant becomes a judgment or a tax warrant is returned uncollected to the department, the department may take any of the following actions without judicial proceedings § 6-8.1-8-8.
   a. The department may levy upon the property of the taxpayer that is held by a financial institution by sending a claim to the financial institution.
      i. Upon receiving a claim, the financial institution shall surrender to the department the taxpayer's property and if the taxpayer's property exceeds the amount owed, the financial institution shall surrender the taxpayer's property in an amount equal to the amount owed.
      ii. After receiving the department's notice of levy, the financial institution is required to place a sixty (60) day hold on or restriction on the withdrawal of funds the taxpayer has on deposit or subsequently deposits, in an amount not to exceed the amount owed. I.C. 6-8.1-8-8.
   b. The department may garnish the accrued earnings and wages of a taxpayer by sending a notice to the taxpayer's employer.
      i. Upon receipt of the notice, the employer shall garnish the accrued earnings and wages of the taxpayer in an amount equal to the full amount that is subject to garnishment under I.C. 24-4.5-5.
      ii. The amount garnished shall be remitted to the department.
      iii. The employer is entitled to a fee in an amount equal to the fee allowed under IC 24-4.5-5-105(5). However, the fee shall be borne entirely by the taxpayer. I.C. 6-8.1-8-8.
   c. The department may levy upon and sell property and may take immediate possession of the property and store it in a secure place; or leave the property in the custody of the taxpayer until the day of the sale.
      i. The department shall provide notice of the sale in one (1) newspaper, as provided in IC 5-3-1-2.
      ii. If the property is left in the custody of the taxpayer, the department may require the taxpayer to provide a joint and several delivery bond, in an amount and with a surety acceptable to the department.
      iii. At any time before the sale, any owner or part owner of the property may redeem the property from the judgment by paying the department the amount of the judgment.
      iv. The proceeds of the sale shall be applied first to the collection expenses and second to the payment of the delinquent taxes and penalties. Any balance remaining shall be paid to the taxpayer. I.C. 6-8.1-8-8.

F. Release of Tax Warrant.

1. A judgment arising from a tax warrant in a county may be released by
a. the department or by the county sheriff after the judgment, including all accrued interest to the date of payment, has been fully satisfied; I.C. 6-8.1-8-2(g)(1) or
b. the department if the department determines that the tax assessment or the issuance of the tax warrant was in error. I.C. 6-8.1-8-2(g)(2).

2. The department shall release a levy on property or request the sheriff to surrender a tax warrant to the department if
a. the expense of the sale process exceeds the liability for which the levy is made;
b. the proceeds of the sale would not reduce the tax liability by the lesser of
i. ten percent (10%) of the liability; or
ii. One thousand dollars ($1,000); or
iii. The advocate, appointed under IC 6-8.1-11-3, orders:
   (a) the release of the levy; or
   (b) the return of the tax warrant by the sheriff, upon submitting a written finding to the commissioner that the levy threatens the health or welfare of the taxpayer or the taxpayer's spouse, family, or dependents. I.C. 6-8.1-8-9.

3. If the department determines that the filing of a tax warrant was in error, the department shall mail a release of the judgment to the taxpayer and the circuit court clerk of each county where the warrant was filed.
   a. The department shall mail the release as soon as possible but no later than seven (7) days after:
      i. the determination by the department that the filing of the warrant was in error; and
      ii. the receipt of information by the department that the judgment has been recorded under subsection (d). I.C. 6-8.1-8-2(h).
   b. If the department determines that a judgment is obstructing a lawful transaction, the department shall mail a release of the judgment to the taxpayer and the circuit court clerk of each county where the judgment was filed immediately upon making the determination. I.C. 6-8.1-8-2(i).
   c. If the tax warrant is determined to be in error, the release must so state and upon the request of the taxpayer, the department shall mail a copy of the release issued to each major credit reporting company located in each county where the judgment was filed. I.C. 6-8.8-8-2(j). The commissioner shall notify each state agency or officer supplied with a tax warrant list of the issuance of the release. I.C. 6-8.8-8-2(k).
   d. If the sheriff collects the full amount of a tax warrant, the sheriff shall disburse the money collected in the manner provided in IC 6-8.1-8-3 (c) and then release the judgment. If a judgment has been partially or fully satisfied by a person's surety, the surety becomes subrogated to the department's rights under the judgment and the sheriff may not release the judgment until the surety's rights under the judgment have been satisfied by the person. If a sheriff releases a judgment
      i. before the judgment is fully satisfied;
      ii. before the sheriff has properly disbursed the amount collected; or
      iii. after the sheriff has returned the tax warrant to the department, the sheriff commits a Class B misdemeanor and is personally liable for the part of the judgment not remitted to the department. I.C. 6-8.8-8-2(1).

VI. Collection.
A. A tax liability may be paid by:
   1. cash;
   2. bank draft;
   3. check;
   4. cashier's check;
   5. money order;
   6. credit card, debit card, charge card, or similar method; or
   7. if the department approves, by an electronic fund transfer. I.C. 6-8.1-8-1(a).
B. When liability is discharged.
   1. If the payment is made by bank draft, check, cashier's check, or money order, the liability is not finally discharged and the person has not paid the tax until the draft, check, or money order
has been honored by the institution on which it is drawn.  I.C. 6-8.1-8-1 (a).

2. If the payment is made by credit card, debit card, charge card, or similar method, the liability is not finally discharged and the person has not paid the tax until the department receives payment or credit from the institution responsible for making the payment or credit.  I.C. 6-8.1-8-1 (a).

3. The department may contract with a bank or credit card vendor for acceptance of bank or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the department or charged directly to the department’s account, the department or credit card vendor may collect from the person using the bank or credit card a fee that may not exceed the highest transaction charge or discount fee charged to the department by the bank or credit card vendor during the most recent collection period. This fee may be collected regardless of any agreement between the bank and a credit card vendor or regardless of any internal policy of the credit card vendor that may prohibit this type of fee.  I.C. 6-8.1-8-1(a).

4. The department shall issue a receipt for a tax payment made with cash.  I.C. 6-8.1-8-1(b).

C. Allocation of partial payments. When only a partial payment of tax liability is received, the department shall apply the partial payment first to any penalty owed, then to any interest, and finally to the principal amount of the tax owed. 6-8.1-8-1.5.

D. Collection of judgment by department.
1. When the department collects a judgment arising from a tax warrant, it may proceed in the same manner that any debt due the state is collected, except as provided in I.C. 6-8.1-8.  I.C. 6-8.1-8-4(a).

2. The department may employ special counsel or contract with a collection agency for the collection of a delinquent tax plus interest, penalties, collection fees, sheriffs costs, clerk's costs, and reasonable fees established if
   a. an unsatisfied warrant has been issued by the department; or
   b. the department received a tax payment by check or other instrument drawn upon a financial institution which was dishonored.  I.C. 6-8.1-8-4(b).

E. Restraining orders. Once a judgment has been recorded on a tax warrant, the department may obtain a court order restraining the person owing the tax from conducting business in Indiana. The restraining order is valid as long as the judgment remains in effect, but the department may have the order dissolved if it feels that by dissolving the order the judgment will be easier to collect.  I.C. 6-8.1-8-5.

F. Appointment of Receiver. If a person does not pay a tax payment within sixty (60) days of the date that the particular payment is due, the department may have a receiver appointed by the circuit or superior court of the county in which the taxpayer resides or is domiciled.
1. Upon motion by the department for a receiver, the court shall appoint a receiver if the court finds that one of the listed taxes is due and has not been paid within sixty (60) days of its due date.  I.C. 6-8.1-8-6(a).

2. A receiver appointed under this section may, in place of the taxpayer,
   a. bring and defend any action;
   b. take possession of all property;
   c. receive all funds;
   d. collect any debts owed to the taxpayer; and
   e. perform all other functions and duties prescribed for receivers under Indiana law or under special authority granted by the court.  I.C. 6-8.1-8-6(a).

3. Within ten (10) days after the court order granting or refusing a receiver’s appointment, either party may appeal the order to the tax court. However, if the taxpayer makes the appeal, he must furnish bond in an amount sufficient to cover the payment of any costs or damages resulting from the appeal and to cover the amount of the bond the receiver would be required to file. As
long as the appeal is in process, the receiver's powers are suspended. I.C. 6-8.1-8-6(b).

G. Remedies cumulative. The remedies for tax collection provided to the department under this chapter are cumulative and the selection or use of one (1) of the remedies does not preclude the subsequent or corresponding use of one (1) or more of the other remedies. I.C. 6-8.1-8-7.

VII. Penalties and Interest.

A. Failure to File Return or to Pay Full Amount of Tax. If a person fails to file a return for any of the listed taxes, fails to pay the full amount of tax shown on his return by the due date for the return or the payment, or incurs a deficiency upon a determination by the department, the person is subject to interest on the nonpayment. I.C. 6-8.1-10-1(a).

1. The interest for a failure is the adjusted rate established by the commissioner under (2) immediately following, from the due date for payment. The interest applies to:
   a. The full amount of the unpaid tax due if the person failed to file the return;
   b. The amount of the tax that is not paid, if the person filed the return but failed to pay the full amount of tax shown on the return; or
   c. The amount of the deficiency. I.C. 6-8.1-10-1(b).

2. The commissioner shall establish an adjusted rate of interest for a failure and for an excess tax payment on or before November 1 of each year.
   a. For a failure, the adjusted rate of interest shall be the percentage rounded to the nearest whole number that equals two (2) percentage points above the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report.
   b. For purposes of an excess tax payment, the adjusted rate of interest is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report. The adjusted rates of interest shall take effect on January 1 of the immediately succeeding year. I.C. 6-8.1-10-1(c).

3. The filing of a substantially blank or unsigned return does not constitute a return. I.C. 6-8.1-10-1(d).

4. Except as provided by IC 6-8.1-5-2(e)(2) [IC 6-8.1-5-2(f)(2)], the department may not waive the interest imposed hereunder. I.C. 6-8.1-10-1(e).

5. If a person fails to file a return on or before the due date, the department shall send him a notice, by United States mail, stating that he has thirty (30) days from the date the notice is mailed to file the return.

6. If the person does not file the return within the thirty (30) day period, the department may prepare a return for him, based on the best information available to the department.

7. The department prepared return is prima facie correct. I.C. 6-8.1-10-3(a).

8. If the department prepares a person's return under this section, the person is subject to a penalty of twenty percent (20%) of the unpaid tax.

9. In the absence of fraud, the penalty imposed is in place of and not in addition to any other penalties imposed.

10. Fraudulent intent. If the person failing to file a return or to make a full tax payment does so with the fraudulent intent of evading the tax, the person is subject to a penalty. I.C. 6-8.1-10-4(a).
   a. Civil Penalties.
      i. The penalty for fraudulently failing to file a return is one hundred percent (100%) of the full amount of the tax.
ii. The penalty for fraudulently failing to make a full tax payment is one hundred percent (100%) of the amount of the tax that was not paid., if the person failed to pay the full amount of the tax. I.C. 6-8.1-10-4(b).

b. Criminal Penalty. In addition to the civil penalty imposed under this section, a person who knowingly fails to file a return with the department or fails to pay motor vehicle excise or commercial vehicle excise tax due commits a Class A misdemeanor. I.C. 6-8.1-10-4(c).

c. The penalty imposed under this section is imposed in place of and not in addition to the penalty imposed under section IC 6-8.1-10-2.1. I.C. 6-8.1-10-4(d).

B. Failure to obtain payment for full face amount of check.
1. If a person makes a tax payment with a check and the department is unable to obtain payment on the check for its full face amount when the check is presented for payment through normal banking channels, a penalty of ten percent (10%) of the unpaid tax or the face value of the check, whichever is smaller, is imposed. I.C. 6-8.1-10-5(a).

2. The department shall send the person notice by mail advising that the check was dishonored and that the person has ten days from the date the notice was mailed to pay the tax and penalty. The payment must be made in cash or by certified check or other guaranteed payment. If the person fails to make the payment within the ten (10) day period, the penalty is increased to one hundred percent (100%) of the face value of the check or one hundred percent (100%) of the unpaid tax, whichever is smaller. I.C. 6-8.1-10-5(b).

3. The department may waive the penalty if the taxpayer can show there was reasonable cause for the check's dishonor. I.C. 6-8.1-10-5(c).

C. Failure to file information return.
1. A penalty of ten dollars ($10) shall be assessed for each failure to file an information return required by the department, but no more than twenty-five thousand dollars ($25,000) in penalties will be imposed during a calendar year. I.C. 6-8.1-10-6(b).

2. The filing of a substantially blank or unsigned return shall constitute a failure to file. I.C. 6-8.1-10-6(c).

D. Maximum and minimum penalties. The maximum total penalty that may be assessed against a person under IC 6-8.1-10-2.1 through IC 6-8.1-10-5 is one hundred percent (100%) of the unpaid tax. The minimum penalty, if any, that may be assessed under those sections is five dollars ($5).

VIII. Death Taxes.
A. Inheritance Tax.
   a. Attachment to property. Inheritance Tax Lien.
      i. The inheritance tax imposed as a result of a decedent's death is a lien on the property transferred by him. With the exception of contingent or defeasible interests in property, the inheritance tax accrues and the lien attaches at the time of the decedent's death. I.C. 6-4.1-8-1, I.C. 6-4.1-6-6.

     ii. The lien terminates when the inheritance tax is paid or five (5) years after the date of the decedent's death, whichever occurs first. I.C. 6-4.1-8-1.

     iii. If property is sold, mortgaged, leased or exchanged under I.C. 29-1-15 and the lien against the property is released under I.C. 29-1-15-20, the lien will terminate as to the property so sold, mortgaged, leased or exchanged. The lien does not terminate in total, but rather attaches to the proceeds from the sale, the proceeds from the mortgage, the proceeds from the lease or the property received in exchange. 45 IAC 4.1-7-2(a)(3) and (b).

b. Attachment of personal liability. In addition to the lien on the decedent's property,...
personal liability for the tax also attaches to any transferee of the decedent's property and to any personal representative of the decedent's estate or trustee who has possession of or control over the property.

c. Effect of termination of lien on personal liability. The termination of an inheritance tax lien does not have any effect on the personal liability of a transferee, personal representative or trustee. The tax due may still be determined and the tax collected. 45 IAC 4.1-7-3(b).

2. Limitations on the transfer of decedent's property.
   a. In general. A personal representative of a decedent's estate or the trustee of property transferred by the decedent may not transfer or deliver property to a transferee unless the inheritance tax owing as a result of the transfer has been paid. I.C. 6-4.1-8-2(a).
   b. Joint property. Property held in joint names with a resident decedent may not be transferred to a surviving joint tenant without the written consent of the department of state revenue or the county assessor unless:
      i. The surviving joint tenant is the decedent's surviving spouse; or
      ii. The property is money held in a joint checking account. I.C. 6-4.1-8-4. To ensure that a transfer will not jeopardize the collection of the inheritance tax, the consent to transfer may not exceed 80% of the property transferred until the inheritance tax has been paid. 45 IAC 4.1-8-3(b).
   c. Personal property held in trust.
      i. Written consent required. Property held in trust may not be transferred to a beneficiary or any other person, except the decedent's surviving spouse, without the written consent of the state department of revenue or county assessor. 6-4.1-8-4(b).
      ii. Affidavit in lieu of written consent. Property held in trust may be transferred without written consent if the transferee is domiciled in Indiana and the transferee completes and files with the department of state revenue a sworn affidavit stating that
         (a) the transfer is not subject to inheritance or estate tax; and
         (b) the reasons the transfer is not subject to tax. 6-4.1-8-4(c).
   d. Personal property of a resident decedent. A person who has possession of or control over a resident decedent's personal property (except proceeds payable under a life insurance policy) may not transfer the property to any other person without the written consent of the department of state revenue or county assessor, unless
      i. the other person is the decedent's surviving spouse or
      ii. the property is money held in a checking account. I.C. 6-4.1-8-4(d).
   e. Safe deposit boxes.
      i. Except for safe deposit boxes held in joint names by spouses on the date of death of the first joint tenant, a resident decedent's safe deposit box shall be examined and its contents listed by the department or county assessor before it is released by the person who has possession or control over it. The inventory shall include the contents of all sealed containers within the safe deposit box. 45 IAC 4.1-8-9(a).
      ii. A box in the name of a trust in which the decedent has a legal or equitable interest shall be inventoried. However, the following safe deposit boxes shall be inventoried only if it is known that the decedent has deposited personal property therein.
         (a) A corporate box if the decedent is an officer.
(b) A partnership box if the decedent is a partner.
(c) A box on which the decedent is designated as a deputy. 45 I.A.C. 4.1-8-9(b).

iii. Notice of time and place of box opening. At least ten (10) working days’ notice of the time and place of a safe deposit box opening must be given to the department of state revenue or county assessor before the box is inventoried. However, the department or county assessor may agree to a shorter period of time if its schedule permits. 45 I.A.C. 4.1-8-9(c).

iv. Confidentiality of box contents. The inventory of a safe deposit box is confidential and shall not be disclosed except for the purpose of determining and collecting the inheritance tax. 45 I.A.C. 4.1-8-9(d).

v. A safe deposit box held as joint tenants by spouses and a third party on the date of death of any of the joint tenants shall be inventoried. 45 I.A.C. 4.1-8-9(f).

f. Personal property of a non-resident decedent. There are no restrictions imposed on the transfer of personal property belonging to a non-resident decedent and the safe deposit box of a non-resident decedent need not be inventoried. 45 I.A.C. 4.1-8-8.

g. Consents to Transfer.

i. The department of state revenue or the appropriate county assessor may consent to a transfer if it is believed the transfer will not jeopardize the collection of inheritance tax. I.C. 6-4.1-8-4(e).

ii. If the consent is issued by the department of state revenue, it shall send a copy to the county assessor of the county in which the decedent was domiciled at the time of death. I.C. 6-4.1-8-4(f).

3. Notice of transfer.

a. Checking account. Notice shall be given to the department of state revenue or the county assessor of the county in which the decedent was domiciled at the time of death when money is transferred from a checking account in which a resident decedent had a legal interest to a person other than the resident decedent's surviving spouse. I.C. 6-4.1-8-4.6.

b. Life insurance proceeds. The life insurance company paying life insurance proceeds to a resident decedent's estate shall notify the department of state revenue of the payment within ten (10) days after its issuance. The department of state revenue shall then send a copy of the notice to the county assessor of the county in which the resident decedent was domiciled at the time of death. I.C. 6-4.1-8-5.

c. Penalty for failure to notify. A person who fails to notify the department or the county assessor (as required) of the transfer of checking account proceeds or payment of life insurance proceeds as provided by statute, will be liable for the taxes imposed and will be subject to an additional penalty of no more than one thousand dollars ($1,000). The department will initiate an action on behalf of the state to collect the taxes and the penalty. I.C. 6-4.1-8-7.

4. Filing of Return.

a. It is the responsibility of the personal representative of the decedent's estate or an heir, trustee, joint owner, or transferee of property transferred by the decedent to file an inheritance tax return with the appropriate probate court. I.C. 6-4.1-4-1.

b. The return is to be filed within nine (9) months after the date of the decedent's death. I.C. 6-4.1-4-1.

c. Penalty for failure to file return. A person who fails to file an inheritance tax return...
on or before the due date shall be charged a penalty which equals the lesser of fifty cents ($0.50) per day for each day the return is late or fifty dollars ($50). The probate court shall include the penalty in the inheritance tax order it issues. The court may waive the penalty if the court finds that the person had a justifiable excuse for not filing the return on time. 45 I.A.C. 4.1-13-1.

5. Time for Payment.

a. With the exception of contingent or defeasible interests in property, the inheritance tax imposed as a result of a decedent's death is due twelve (12) months after the person's date of death. I.C. 6-4.1-9-1(a).

b. When the department has filed a petition for redetermination of inheritance tax because of a change in fair market value of assets listed on a federal estate tax return Q. C. 6-4.1-7-6), the inheritance tax is not due until thirty (30) days after the notice of the final determination of federal estate tax is received by a person liable for paying the inheritance tax. Any tax imposed and not paid on or before the due date will accrue interest at the rate of six percent (6%) per year from the date due until the date the tax is paid. IC. 6-4.1-9-1.5.

c. Discount for early payment. A discount of five percent (5%) will be applied to the inheritance tax imposed if the tax is paid within nine (9) months after the date of the decedent's death. When payment is so made, the person collecting the tax shall grant the five percent (5%) reduction to the payor. I.C. 6-4.1-9-2. The reduction applies only to amounts actually paid within the nine month period and not to any amount paid thereafter. 45 I.A.C. 4.1-9-2.

d. Mailed payments. If a tax payment is mailed by the day before the due date, it is considered paid on the due date, regardless of when received, unless the payment is otherwise invalid. 45 I.A.C. 4.1-9-3(d).

e. Interest on late payments.

i. If the tax is not paid on or before the expiration of twelve (12) months, the person responsible for paying the tax will be charged interest on the delinquent portion at the rate of ten percent (10%) per year from the date of the decedent's death to the date payment is made. I.C. 6-4.1-9-1(a).

ii. If an unavoidable delay, such as necessary litigation, prevents a determination of the amount of inheritance tax due, the appropriate probate court, in the case of a resident decedent, or the department of state revenue, in the case of a non-resident decedent, may reduce the rate of interest to six percent (6%) for the time period beginning on the decedent's date of death and ending when the cause for the delay is removed. I.C. 6-4.1-9-1(b).

6. Collection, Record and Receipt of Tax on Non-Resident Decedents.

a. The department of state revenue will maintain as a public record, a book listing the amount of inheritance tax due as a result of a non-resident decedent's death. When the notice required by I.C. 6-4.1-5-16 is given, the department shall concurrently enter in the book the amount of inheritance tax stated in the notice. I.C. 6-4.1-9-3.

b. The inheritance tax due for a non-resident decedent shall be paid to the department of state revenue. The department shall collect the tax and issue a receipt to the person paying the tax. I.C. 6-4.1-9-4.

c. On the first Monday of each month, the department of state revenue shall submit a report to the state treasurer indicating which estates have paid inheritance tax and shall remit to the state treasurer the inheritance tax collected by it during the preceding month. I.C. 6-4.1-9-4.
7. Payment of and Receipt for Tax Due by Resident Decedents.
   a. The tax due as a result of the death of a resident decedent shall be paid to the treasurer of the county in which the decedent was domiciled on the date of death. I.C. 6-4.1-9-5(a).
   b. If the person responsible for paying the tax believes that more inheritance tax is due than is shown on the court's order, the person may, without obtaining another court determination, pay the additional tax and any interest due on the additional tax to the county treasurer. I.C. 6-4.1-9-5(a).
   c. If a partial payment is made when tax, interest and penalty are due, the payment shall be applied first to penalty, then to interest, and finally to the principal amount of tax due. 45 I.A.C. 4.1-9-4(d).
   d. The county treasurer shall collect the tax, issue a receipt for the tax payment in duplicate, and send one copy of the receipt to the department of state revenue. I.C. 6-4.1-9-5(b).
   e. The department shall then countersign the receipt, affix its seal to the receipt, return the signed and sealed copy to the taxpayer, and charge the county treasurer with the amount of inheritance tax collected. I.C. 6-4.1-9-5(b).

8. Distribution of Inheritance Tax Funds Collected.
   a. The county in which the tax is collected shall receive eight percent (8%) of the inheritance tax paid. On the first day of January, April, July and October of each year, the county treasurer shall transfer to the county general fund the amount due the county. I.C. 6-4.1-9-5(a). In a county having a consolidated city, the amount due the county shall be transferred to the general fund of the consolidated city. I.C. 6-4.1-9-5(b).
   b. The state shall receive the remaining ninety-two percent (92%) of the inheritance taxes, all the interest charges collected by the county treasurer, and all the penalties collected by the county treasurer.

   a. County Treasurer Reports. On the first day of January, April, July and October of each year, each county treasurer shall send a written tax report to the department of state revenue. The report shall be prepared under oath and shall state the amount of inheritance taxes collected by the county treasurer during the preceding three months, the estate for which the taxes were paid, who paid the taxes, and when the taxes were paid. The form to be used by the county treasurer shall be prescribed by the state board of accounts. I.C. 6-4.1-9-7(a).
   b. County Auditor Warrants.
      i. On the first day of January, April, July and October of each year, each county auditor shall issue a warrant to the state treasurer for the amount of inheritance taxes, interest charges and penalties which the state is to receive. I.C. 6-4.1-9-7(a).
      ii. The county treasurer will stamp and countersign the warrant and send it to the department of state revenue not more than thirty (30) days after the date the quarterly inheritance tax reports are due to be sent. I.C. 6-4.1-9-7(b).

10. Receipt and Accounting for Warrants.
    a. The department of state revenue shall receipt and account for each warrant it receives from the county treasurer and forward the warrant to the state treasurer. I.C. 6-4.1-9-8(a).
    b. The state treasurer shall deposit the warrants in a special account with the state general fund, entitled the Inheritance Tax account. I.C. 6-4.1-9-8(a).
c. At the end of each month, the state auditor shall issue a quietus to the department of state revenue for the money collected by the department on its warrants. I.C. 6-4.1-9-8(b).

11. Auditing of Quarterly Reports.
   a. The department of state revenue shall audit the quarterly inheritance tax reports and shall report to the county treasurer and county auditor any shortage it discovers. I.C. 6-4.1-9-9.
   b. Once notified of a shortage, the county treasurer and auditor shall promptly issue a warrant to the state treasurer for the balance due the state. I.C. 6-4.1-9-9.
   c. If the department discovers an overpayment, it shall enter an order for refund and send a copy to the treasurer of the county that collected the tax and to the state treasurer. The state treasurer shall pay the refund from the money which is under his control and which has not otherwise been appropriated. The state treasurer shall receive a credit for the county portion of the amount so refunded and the county treasurer shall account for the credit on the county's inheritance tax report for the quarter in which the refund is paid. I.C. 6-4.1-9-9 and I.C. 6-4.1-10-3.

12. Actions to Collect Inheritance Tax.
   a. Estate of resident decedent.
      i. If the inheritance tax is delinquent, the county treasurer shall notify the county prosecutor attorney in writing of the non-payment of the tax. 45 I.A.C. 4.1-9-5(a).
      ii. The county prosecutor shall then file a motion with the appropriate probate court to show cause why the tax has not been paid. 45 I.A.C. 4.1-9-5(b).
      iii. If the probate court finds that tax is due and that payment can't otherwise be enforced under the inheritance tax statutes, it shall direct the prosecuting attorney to initiate an action in the name of the county to enforce payment of the tax. 45 I.A.C. 4.1-9-5(b).
      iv. The action must be commenced within ten (10) years after the date of the order imposing the tax unless the court did not mail a copy of its determination to all persons interested in the decedent's estate, including the department and the county treasurer. I.C. 6-4.1-9-11, 45 I.A.C. 4.1-9-5(c).
   b. Estate of non-resident decedent.
      i. An action to collect inheritance taxes due as the result of the death of a non-resident is at the discretion of the department of state revenue. 45 I.A.C. 4.1-9-5(d).
      ii. To start the action, the department must file a petition with the Marion County Superior Court, Probate Division, requesting the appointment of a resident or special administrator for the non-resident decedent's estate, and showing to the court that the inheritance taxes have not been paid and that at least two years have passed since the decedent died. 45 I.A.C. 4.1-9-5(d).

13. Compromise of tax or interest due.
   a. The department of state revenue, with the advice and approval of the attorney general, may enter into a compromise agreement with the personal representative of a decedent's estate or with a transferee concerning the amount of inheritance tax, or interest charges on delinquent tax, to be collected. 45 IAC 4.1-9-6(a).
   b. The compromise agreement may be entered into if the department and the attorney general believe that a substantial doubt exists in any of the following:
      i. The right to impose the tax under applicable Indiana law;

a. A person may file a claim for refund with the department of state revenue of inheritance or Indiana estate tax which has been erroneously or illegally collected. I.C. 6-4.1-10-1.

b. Time limit for filing. To be valid, a claim for refund of inheritance tax or Indiana estate tax must be filed within the later of three (3) years after the date the tax is paid; or one (1) year after the date the tax is finally determined, unless the claim is for the refund of inheritance tax which has been determined in the manner provided in I.C. 6-4.1-6 ("Special Procedures for Appraising and Taxing Certain Property Interests"). I.C. 6-4.1-10-2, 45 I.A.C. 4.1-10-1.

c. Each claim for refund shall be reviewed by the department of state revenue and the department shall enter an order either approving, partially approving, or disapproving the refund.

d. A copy of the refund order shall be sent to the claimant within five (5) days of its entry. I.C. 6-4.1-10-3(b).

e. If the refund is approved or partially approved, the department shall also send a copy of the order to the treasurer of the county that collected the tax, if applicable, and to the state treasurer. I.C. 6-4.1-10-3 (a).

f. The state treasurer shall pay the refund from the money which is under his control and which has not otherwise been appropriated. The state treasurer shall receive a credit for the county portion of the amount refunded and the county treasurer of the county owing the credit shall account for the credit on the county's inheritance tax report for the quarter in which the refund is paid. I.C. 6-4.1-10-3(a).

g. Appeal of refund order.

i. A person who files a claim for refund of inheritance tax or Indiana estate tax may appeal any refund order entered by the department of state revenue.

ii. The claimant must file a complaint, naming the department of state revenue as a party, in one of the following courts:

(a) if the appeal involves either a resident or non-resident decedent's estate and administration of the estate is pending, then in the probate court of the county in which administration of the estate is pending;

(b) if the appeal involves a resident decedent's estate and no administration of the estate is pending in Indiana, then in the probate court of the county in which the decedent was domiciled at the time of death;

(c) if the appeal involves a non-resident decedent's estate and no estate is pending in Indiana, then in the probate court of any county in which any of the decedent's property was located at the time of death. I.C. 6-4.1-
iii. The appeal must be initiated within ninety (90) days after the department enters the refund order. I.C. 6-4.1-10-4(a).

iv. When an appeal is initiated, the probate court shall determine the amount of any tax refund due. I.C. 6-4.1-10-5.

v. Either party may appeal the probate court's decision to the tax court in accordance with the rules of appellate procedure. I.C. 6-4.1-10-5.

B. Indiana Estate Tax.

1. Due date of tax.
   a. The tax accrues at the time of the decedent's death.
   b. The Indiana estate tax is due twelve (12) months after the date of the decedent's death unless the tax results from a final change in the amount of federal estate tax due. In that case, the tax is due
      i. eighteen (18) months after the date of the decedent's death; or
      ii. one (1) month after final notice of the federal estate tax due is given to the person liable for the tax; whichever is later. I.C. 6-4.1-11-3.

2. Interest on late payments - if the estate tax is not paid on or before the due date, interest will be applied to the delinquent portion of the tax at the rate of six percent (6%) per year from the due date until it is paid. I.C. 6-4.1-11-4.

3. Credit against inheritance tax - a person may claim the amount of Indiana estate tax paid as a credit against inheritance tax imposed if
   a. The inheritance tax is imposed after the Indiana estate tax is paid; and
   b. Both taxes are imposed as a result of the same decedent's death. I.C. 6-4.1-11-5.

   a. The department of state revenue shall collect the Indiana estate tax and any interest charges imposed thereon. I.C. 6-4.1-11-6.
   b. The department shall remit the money it collects to the state treasurer.
   c. The state treasurer shall deposit the money in the state general fund.

5. Distribution of taxes collected.
   a. Before August 15 of each year, the state treasurer shall distribute to each county, from the state general fund, the county's inheritance tax replacement amount.
   b. The inheritance tax replacement amount is calculated using the following formula:
      i. Determine the amount of inheritance tax revenue retained by each county in each state fiscal year beginning with the state fiscal year that began July 1, 1990 and ending with the state fiscal year that ends June 30, 1997.
      ii. Drop the highest and lowest amount from the amounts determined above and find the average of the remaining five years' revenues.
      iii. Subtract the immediately preceding year's inheritance taxes retained from the average determined above. The remainder is the amount of the inheritance tax replacement. I.C. 6-4.1-11-6.

6. Appeal of estate tax determination.
   a. To commence an appeal of the department's determination of the amount of estate tax due, the claimant must file a complaint, naming the department of state revenue as a party, in one of the following courts:
      i. if the appeal involves either a resident or non-resident decedent's estate and administration of the estate is pending, then in the probate court of the county in which administration of the estate is pending;
      ii. if the appeal involves a resident decedent's estate and no administration of the
estate is pending in Indiana, then in the probate court of the county in which the
decedent was domiciled at the time of death;

iii. if the appeal involves a non-resident decedent's estate and no estate is pending
in Indiana, then in the probate court of any county in which any of the
decedent's property was located at the time of death. I.C. 6-4.1-11-5(a).

b. A probate court's final determination concerning the amount of tax owed may be
appealed to the tax court in accordance with the rules of appellate procedure. I.C. 6-
4.1-11-7.

C. Indiana Generation-skipping Transfer Tax.
1. Due date of tax - the transfer tax is due twelve (12) months after the date of death of the person
whose death resulted in the generation-skipping transfer. I.C. 6-4.1-11.5-9.
2. Payment of tax.
   a. The tax and any interest due thereon shall be paid to the department of state revenue.
   b. If the tax is not paid on or before the due date, interest shall accrue on the delinquent
portion of the tax at the rate of six percent (6%) per annum from the date the tax is due
to the date the tax is paid. I.C. 6-4.1-11.5-12.

IX. Property Taxes.
A. Imposition of Tax. Except as otherwise provided by law, all tangible property which is within the
jurisdiction of the state of Indiana on the assessment date of a year is subject to assessment and
taxation for that year. I.C. 6-1.1-2-1.
B. Persons Liable for Tax.
1. The owner of any real property on the assessment date of a year is liable for the taxes imposed
on the property for that year unless he entered into a memorandum of lease or other contract
with the person holding, possessing, controlling or occupying the property on the date of the
assessment which makes the person holding, possessing, controlling or occupying the property
liable for the taxes and the contract or memorandum of lease was recorded with the county

2. A person holding, possessing, controlling, or occupying any personal property on the
assessment date of a year is liable for the taxes imposed for that year on the property unless:
a. the person establishes that the property is being assessed and taxed in the name of the
owner; or
b. the owner is liable for the taxes under a contract with that person. I.C. 6-1.1-2-4(a).
3. The statute does not clearly indicate any order of priority, so the board has the discretion to
tax either the owner or the possessor. State Bd. of Tax Commissioners v. Jewell Grain Co.,
556 N.E.2d 920 (Ind. 1990).
4. When a person other than the owner pays any property taxes that person may recover the
amount paid from the owner, unless the parties have agreed to other terms in a contract. I.C.
6-1.1-2-4(a).
5. An owner on the assessment date of a year of real property that has an improvement or
appurtenance that is assessed as real property and owned, held, possessed, controlled, or
occupied on the assessment date of a year by a person other than the owner of the land is
jointly liable for the taxes imposed for the year on the improvement or appurtenance with the
person holding, possessing, controlling, or occupying the improvement or appurtenance on the
assessment date. I.C. 6-1.1-2-4(b).
6. An improvement or appurtenance to land that, on the assessment date of a year, is held,
possessed, controlled, or occupied by a different person than the owner of the land may be
listed and assessed separately from the land only if the improvement or appurtenance is held,
possessed, controlled, or occupied under a memorandum of lease or other contract that is
C. Roll of Property Taxes Payable.
   1. On or before March 15 of each year, the auditor of each county shall prepare a roll of property taxes payable in that year for that county.
   2. The roll, known as the "tax duplicate" shall show
      a. the value of all the assessed property of the county;
      b. the person liable for the taxes on the assessed property; and
      c. any other information that the state board of accounts, with the advice and approval of the state board of tax commissioners, may prescribe. I.C. 6-1.1-22-3 (a).
      d. The county auditor shall comply with the instructions issued by the state board of accounts for the preparation, preservation, alteration, and maintenance of the tax duplicate. I.C. 6-1.1-22-3 (b).
      e. The county auditor shall deliver a copy of the tax duplicate to the county treasurer before March 1 of each year. I.C. 6-1.1-22-3 (b).

D. Publication of Notice of Tax Rate.
   1. Immediately upon the receipt of the tax duplicate, the county treasurer shall give notice of the rate of tax per one [hundred] dollars ($100) of assessed valuation to be collected in the county for each purpose and the total of the rates in each taxing district. I.C. 6-1.1-22-4(a).
   2. This notice shall be published in the form prescribed by the state board of tax commissioners three (3) times with each publication one (1) week apart. I.C. 6-1.1-22-4(a).
   3. The notice shall be printed in two (2) newspapers which represent different political parties and which are published in the county. However, if two (2) newspapers which represent different political parties are not published in the county, the notice shall be printed in one (1) newspaper. I.C. 6-1.1-22-4(b).

E. Abstract.
   1. On or before March 15 of each year, the county auditor shall prepare and deliver to the state auditor and the county treasurer a certified copy of an abstract of the property, assessments, taxes, deductions, and exemptions for taxes payable in that year in each taxing district of the county. I.C. 6-1.1-22-5.
   2. The county auditor shall prepare the abstract in such a manner that the information concerning property tax deductions reflects the total amount of each type of deduction. I.C. 6-1.1-22-5.
   3. The abstract shall also contain a statement of the taxes and penalties unpaid in each taxing unit at the time of the last settlement between the county auditor and county treasurer and the status of these delinquencies. I.C. 6-1.1-22-5.
   4. The county auditor shall prepare the abstract on the form prescribed by the state board of accounts. I.C. 6-1.1-22-5.
   5. The auditor of state, county auditor, and county treasurer shall each keep a copy of the abstract in his office as a public record. I.C. 6-1.1-22-5.

F. Register of taxes and special assessment. The county treasurer shall keep a register of taxes in which he shall record each payment of taxes and the date the payment is received. The register shall be kept in the manner and on the form prescribed by the state board of accounts. I.C. 6-1.1-22-6.

G. Daily cash book.
   1. The county treasurer shall keep a daily cash book in which he shall record all funds received by him on the day the funds are received as well as all the deposits, withdrawals, and other entries necessary to correct reflect the financial condition of the funds for which the county treasurer is responsible. I.C. 6-1.1-22-7.
   2. The daily cash book shall be kept on the form prescribed by the state board of accounts. I.C. 6-1.1-22-7.
H. Notice of Tax Liability.
1. The county treasurer shall send to each person liable for any property taxes or special assessments as shown on the tax duplicate or special assessment records, a statement of current and delinquent taxes and special assessments. I.C. 6-1.1-22-8(a).

2. The county treasurer may either:
   a. mail the statement to the last known address of the person or to the last known address of the most recent owner shown in the transfer book a statement of current and delinquent taxes and special assessments; I.C. 6.1.1-22-8(a)(1) or
   b. transmit by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records, a statement of current and delinquent taxes and special assessments. I.C. 6-1.1-22-8(a)(2).

3. The county treasurer may include the following information in the statement:
   a. An itemized listing for each property tax levy, including
      i. the amount of the tax rate;
      ii. the entity levying the tax owed; and
      iii. the dollar amount of the tax owed.  I.C. 6-1.1-22-8(b)(1).
   b. Information which clearly and accurately informs the taxpayer or mortgagee of the manner in which the taxes billed in the tax statement are to be used. I.C. 6-1.1-22-8(b)(2).
   c. The form used and the method by which the statement and information, if any, are transmitted must be approved by the state board of accounts. I.C. 6-1.1-22-8(b).

4. The following language shall be included on every statement: "If any circumstances have changed that would make you ineligible for a deduction that you have been allowed in the exemption block on this tax bill, you must notify the county auditor. If such a change in circumstances has occurred and you have not notified the county auditor, the deduction will be disallowed and you will be liable for taxes and penalties on the amount deducted." I.C. 6-1.1-22-8.5.

5. The county treasurer may mail or transmit the statement and information, if any, one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due.
   a. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or IC 6-1.1-22-9, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. I.C. 6-1.1-22-8(b).
   b. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment. I.C. 6-1.1-22-8(b).

6. All payments of property taxes and special assessments are to be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat. I.C. 6-1.1-22-8(c).

I. Time for Payment.
1. The property taxes assessed for a year are due in two (2) equal installments on May 10 and November 10 of the following year. I.C. 6-1.1-22-9(a).

2. A county council may adopt an ordinance to require a person to pay his property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars ($25). If the county council has adopted such an ordinance, then whenever the tax statement mailed shows that the person's property tax liability for a year is less than twenty-five dollars
($25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year. I.C. 6-1.1-22-9(b).

3. Penalty for Late Payment - If property taxes are not paid on or before the due date, the penalties prescribed in I.C. 6-1.1-37-10 shall be added to the delinquent taxes. I.C. 6-1.1-22-9(c).

4. A property tax liability of less than five dollars ($5) is increased to five dollars ($5). The difference between the actual liability and the five dollar ($5) amount that appears on the statement is a statement processing charge which is considered a part of the tax liability. I.C. 6-1-22-9(d).

J. Receipt for Payment.
   1. A taxpayer is entitled to a validated receipt upon request. I.C. 6-1.1-22-12(c).
   2. When a property owner pays the taxes or special assessments levied against any property, and a receipt is provided by the county treasurer, the receipt shall be on a form prescribed or approved by the state board of accounts and shall contain:
      a. The name of the person liable for the amount paid;
      b. The amount paid;
      c. The year for which the payment is made; and
      d. A description of the property which corresponds to the description used on the tax duplicate. I.C. 6-1.1-22-12 (a).
   3. If the county treasurer does not provide a receipt, the treasurer shall maintain records containing the date and amount paid per parcel or property description as used on the tax duplicate. I.C. 6-1.1-22-12(b).
   4. When a person other than the property owner pays any property taxes or special assessment levied against the property, the county treasurer shall, if the payor requests, provide a receipt in a form prescribed or approved by the state board of accounts. I.C. 6-1.1-22-12(d).
   5. If a receipt for the payment of property taxes or a special assessment is lost or destroyed, the entry in the register of taxes and special assessments or the entry on the tax duplicate may be presented as evidence of payment in lieu of the receipt. I.C. 6-1.1-22-12(e).

K. Nature of Liability. A person who is liable for property taxes is personally liable for those taxes and all penalties, costs, and collection expenses, including reasonable attorney fees and court costs, resulting from late payment of the taxes. I.C. 6-1.1-22-10(a).
   1. "A reasonable attorney's fee means a fee that is reasonable in relation to the matter involving the individual delinquent taxpayer, not a fee that is reasonable taking the whole class of delinquent taxpayers into account."

L. Collection of Delinquent Personal Property Taxes.
   1. Demand for delinquent taxes.
      a. Time for and Method of Sending. Annually, after November 10th but prior to August 1st of the succeeding year, each county treasurer shall serve by registered or certified mail, in person or by proof of certificate of mailing a written demand upon each county resident who is delinquent in the payment of personal property taxes. I.C. 6-1.1-23-1(a).
      b. Contents. The written demand shall contain:
         i. a statement that the taxpayer is delinquent in the payment of personal property taxes;
ii. the amount of the delinquent taxes;
iii. the penalties due on the delinquent taxes;
iv. the collection expenses which the taxpayer owes; and
v. a statement that if the sum of the delinquent taxes, penalties, and collection expenses are not paid within thirty (30) days from the date the demand is made:
   (a) personal property of the taxpayer sufficient to satisfy the total amount due plus additional collection expenses incurred shall be sold; or
   (b) a judgment may be entered against the taxpayer in the circuit court of the county. I.C. 6-1.1-23-1(b).

2. A county treasurer may enter into a contract for the collection of delinquent personal property taxes and the county treasurer may collect a reasonable collection fee from the taxpayer. I.C. 6-1.1-23-1.5.

3. If the taxpayer does not pay the total amount due within thirty (30) days after the date the written demand is made, the county treasurer shall levy upon and sell personal property which is of sufficient value to pay the delinquent taxes, penalties and any anticipated collection expenses. I.C. 6-1.1-23 -2(a).
   a. Levy - The county treasurer shall levy upon personal property by calling upon the delinquent taxpayer at his residence or place of business and making a list in duplicate of all of his personal property.
      i. The county treasurer shall retain one (1) copy of the list and deliver the other copy to the delinquent taxpayer.
      ii. The county treasurer may require the delinquent taxpayer to give a list under oath of all the personal property owned by him, and the names of the owners of other personal property which is in the delinquent taxpayer's possession.
      iii. If the delinquent taxpayer fails to provide the list, the county treasurer shall file a petition which states that fact in the circuit court of the county, and the circuit court shall order the delinquent taxpayer to provide the list. I.C. 6-1.1-23-2(b).
   b. Appraisal. The county treasurer shall appraise the personal property included in a levy. I.C. 6-1.1-23-2(c).
   c. Sale - The personal property included in a levy is subject to sale for the payment of the delinquent taxes, penalties, and collection expenses without further notice to the delinquent taxpayer. I.C. 6-1.1-23-2(c).

4. Possession of personal property. When the county treasurer levies upon the taxpayer's personal property he may take immediate possession of the property and store it in a secure place or leave the property in the custody of the delinquent taxpayer until the day of the sale. I.C. 6-1.1-23-3(a).

5. Taxpayer's bond. If the personal property is left in the custody of the delinquent taxpayer, he shall give the county treasurer a joint and several delivery bond, with a surety acceptable to the county treasurer.
   a. The bond must be payable to this state in an amount at least equal to the sum of the delinquent taxes, penalties, and anticipated collection expenses.
   b. The state may not initiate an action on the bond if
      i. The personal property is delivered for sale at the time and place designated by the county treasurer; or
      ii. the taxpayer pays to the county treasurer the amount of the delinquent taxes, penalties, and collection expenses before the time of the sale. I.C. 6-1.1-23-
6. Notice of Sale. If after the county treasurer levies upon the taxpayer's personal property, he shall give notice setting forth the time and place of the sale and a list of the property to be sold. The notice shall be given at least ten (10) days before the sale and shall be published once in the manner prescribed in I.C. 6-1.1-22-4 and posted in a public place of posting in the county courthouse. I.C. 6-1.1-23-4.

7. Auction Sale. If the delinquent taxes, penalties and collection expenses are not paid by the time set for the sale, the county treasurer shall sell enough personal property of the taxpayer to pay the delinquent taxes, collection expenses and penalties. The items shall be sold at public auction to the highest bidder. The treasurer shall record all sales on a form prescribed by the state board of accounts. § 6-1.1-23-5(a).

8. Distribution of Sale Proceeds - the proceeds of the sale shall be paid into the county treasury and shall be distributed in the following order:
   a. First to collection expenses;
   b. Second, to the payment of the delinquent taxes and penalties;
   c. Third, to the payment of other tax delinquencies as follows:
      i. First, to the payment of delinquent personal property taxes owed in the county by the taxpayer;
      ii. Second, to the payment of delinquent real property taxes owed in the county by the taxpayer; and
      iii. Third, to the payment of delinquent personal property taxes owed by the taxpayer and certified from another county. I.C. 6-1.1-23-5(b).
   d. Any balance remaining after the above payments shall be paid to the delinquent taxpayer. I.C. 6-1.1-23-5(a).

   a. The first $600 worth of a taxpayer's household goods are exempt from levy and sale. All other personal property owned by the taxpayer is subject to levy and sale. I.C. 6-1.1-23-6(a) and (b) b. The county treasurer shall determine the value of a person's household goods. If the taxpayer disputes the value, the county assessor shall view the property and fix the true cash value of it. The value so fixed is binding upon the county treasurer and the owner of the property. I.C. 6-1.1-23-6(b).

10. Collection Fees. The county treasurer shall charge each delinquent taxpayer the following fees for the collection of delinquent personal property taxes:
    a. For making a demand by:
       i. registered or certified mail, eight dollars ($8); or
       ii. any other manner permitted by section IC 6-1.1-23-1, five dollars ($5).
    b. For making a levy, ten dollars ($10).
    c. For selling personal property, ten percent (10%) of the sale price.
    d. For advertising a sale, the legal rates for advertising.
    e. For transfer and storage of personal property, the actual expense incurred.
    f. Other reasonable expenses of collection, including
       i. title search expenses;
       ii. reasonable commercial code search expenses; and
       iii. reasonable attorney's fees or court costs incurred:
          (a) in the collection process;
          (b) due to a court order; or
          (c) due to an order of the treasurer under I.C. 6-1.1-23-10. I.C. 6-1.1-23-7(a).
g. The fees collected under this section are the property of the county and shall be deposited in the county general fund. The collection expenses incurred in connection with the levy upon and sale of personal property shall be paid from the county general fund without prior appropriation. I.C. 6-1.1-23-7(b).

11. Levy and Sale without Demand. When a county treasurer believes that a person who is liable for delinquent personal property taxes is about to take his property from the county without paying the taxes, the treasurer may, levy upon and sell sufficient personal property of that person to pay the delinquent taxes, penalties, and collection expenses without first making the demand required by section IC 6-1.1-23-1. I.C. 6-1.1-23-8.

12. Record of delinquencies.
   a. In the year immediately following the year in which the personal property taxes become delinquent, each county treasurer shall prepare a record of the delinquencies for which written demand has been made and which remain unpaid for at least sixty (60) days after the demand is made. I.C. 6-1.1-23-9(a).
   b. The record shall be prepared on a form prescribed or approved by the state board of accounts and shall contain for each delinquent taxpayer:
      i. The name of the taxpayer who is personally liable for the taxes as shown by the tax duplicate;
      ii. The last known address of the taxpayer;
      iii. The date when the last installment of taxes included in the record became delinquent; and
      iv. The amount of all delinquent taxes, penalties, and collection expenses for which such a demand has been made and which remain unpaid. I.C. 6-1.1-23-9(b).
   c. The county treasurer shall swear to the accuracy of the record before the clerk of the circuit court and shall file the record with the clerk. I.C. 6-1.1-23-9(c).
   d. Judgment. Once filed, the amount of delinquent taxes, penalties, and collection expenses stated in the record constitute a debt of the named taxpayer which carries the same force and effect as a judgment. The judgment so entered shall be in favor of the county for the benefit of all taxing units having an interest in it. I.C. 6-1.1-23-9(c).
   e. Beginning with the day the record is filed, the delinquent taxpayer shall, instead of the penalties prescribed in I.C. 6-1.1-37-10, pay interest on the amount of the judgment at the same rate imposed on other judgments. I.C. 6-1.1-23-9(c).

13. Notice of Judgment. If the judgment entered is not paid, the county treasurer may notify the delinquent taxpayer by certified mail that a judgment has been entered against him and that the treasurer is going to file a praecipe for execution.
   a. If the judgment is not paid within ten (10) days after the date the notice is given, the county treasurer shall file the praecipe for execution.
   b. If this notice is not given, an execution upon the judgment is invalid. I.C. 6-1.1-23-10(a).

14. Restraining Order. If a judgment has been entered against a taxpayer, the county treasurer may obtain a court order restraining the taxpayer from transacting business in that county. The court may dissolve the restraining order if it believes dissolution will make collection of the judgment more likely. I.C. 6-1.1-23-10(b).

15. Remedies for Collection without Filing Suit - If a judgment against a taxpayer has not been satisfied within sixty (60) days after it is entered, the county treasurer may do the following without judicial proceedings:
   a. Levy upon property of the taxpayer held by a financial institution.
i. The levy shall be made in the same manner as that required of the department of state revenue under I.C. 6-8.1-8-8.

ii. Upon receipt of the claim, the financial institution shall transfer to the county treasurer the property of the taxpayer held by it; however, if the value of the taxpayer's property held by the financial institution is greater than the amount of the judgment, it shall transfer property in an amount equal to the amount of the judgment. I.C. 6-1.1-23-10(c)(1).

b. Garnish the accrued earnings and wages of the taxpayer by giving notice to the taxpayer's employer.

i. The employer shall garnish the accrued earnings and wages of the taxpayer in an amount equal to the full amount subject to garnishment under I.C. 24-4.5-5-105 and shall remit the amount garnished to the county treasurer.

ii. The employer is entitled to a fee equal to the amount of the fee that may be collected under I.C. 24-4.5-5-105(5) in a garnishment action; however, the taxpayer shall be responsible for the entire fee collected. I.C. 6-1.1-23-10(c)(2).

c. Withhold the amount of the judgment in full or in part from any payment that is due to the taxpayer from the county; and requires the signature of the county treasurer. I.C. 6-1.1-23-10(c)(3).

d. The treasurer of a county may use any combination of these remedies to collect the delinquent taxes and collection expenses incurred. I.C. 6-1.1-23-10(d).

e. A county treasurer that incurs attorney's fee expenses for legal services not related to formal judicial proceedings shall petition a circuit or superior court in the county for approval to pay the expenses. The court may conduct a hearing on the petition and may authorize the auditor of the county to issue a warrant for the amount of the reasonable expenses. The county treasurer shall pay the warrant without an appropriation for the disbursement. I.C. 6-1.1-23-10(e).

16. If the treasurer of a county in which a judgment is entered determines that the delinquent taxpayer does not have, in the county in which the judgment is entered, property of sufficient value to satisfy the judgment and does have property in the other county, the treasurer shall send a certificate of judgment to the treasurer of the other county and to the state board of tax commissioners. I.C. 6-1.1-23-11(a).

17. A county treasurer who receives a certificate of judgment shall have the judgment indexed in the judgment docket by the clerk of the circuit court of the county the treasurer serves. The county treasurer shall proceed to have execution issued upon the judgment in the same manner as if the judgment had been originally entered in the county he serves. I.C. 6-1.1-23-11(b). The state board of tax commissioners shall make periodic audits of the records of the county treasurers to insure compliance with the provisions of this section. I.C. 6-1.1-23-11(c).

18. Grounds for Setting Aside Judgment - A judgment entered may be set aside only for one (1) of the following reasons:

a. The person against whom the judgment was entered was not liable for the delinquent taxes, penalties, and collection expenses for which the judgment was entered.

b. The delinquent taxes, penalties, and collection expenses have been paid either in whole or in part. If only part of the items have been paid, the judgment may be set aside only in the amount of the payment.

c. The required written demand was not given in the manner prescribed in I.C. 6-1.1-23-1.

d. The person against whom the judgment was entered is deceased, as evidenced by a
certificate of death.
e. The corporation against whom the judgment was entered has been formally dissolved or is no longer in business.
f. The judgment is uncollectible as a result of bankruptcy.
g. The county treasurer has exhausted all reasonable efforts to collect the delinquent taxes, penalties, and collection expenses for the period specified in I.C. 6-8.1-8-2(f) without success. I.C. 6-1.1-23-12(a). A judgment may be set aside only under a finding entered of record by a court which has jurisdiction. I.C. 6-1.1-23-12(b).

19. Satisfaction of judgment - Payment of delinquent tax judgments and interest shall be made to the county treasurer. On a daily basis the county treasurer shall enter a satisfaction of all judgments paid in the delinquent tax judgment record maintained in the office of the clerk of the circuit court. The county treasurer shall apply the amount so paid to the delinquent taxes, penalties, and collection expenses for which the judgment was entered. I.C. 6-1.1-23-13.

1. Delinquent tax list of real property.
a. On or before July 1 of each year, the county treasurer shall certify to the county auditor a list of real property on which any of the following exist:
i. any property taxes or special assessments certified to the county auditor for collection by the county treasurer from the prior year's spring installment or before are delinquent.
ii. any unpaid costs are due under I.C. 6-1.1-24-2(b) from a prior tax sale. I.C. 6-1.1-24-1(a).
b. The county auditor shall maintain a list of all real property eligible for sale and the taxpayer shall remain on the list until he pays to the county treasurer the amounts due. The list must:
i. describe the real property by parcel number and common address, if any;
ii. for a tract or item of real property with a single owner, indicate the name of the owner; and
iii. for a tract or item with multiple owners, indicate the name of at least one (1) of the owners. I.C. 6-1.1-24-1(b)
c. Except as otherwise provided, the real property so listed is eligible for sale in the manner prescribed by I.C. 6-1.1-24. I.C. 6-1.1-24-1(c).
d. Not later than fifteen (15) days after the date of the county treasurer's certification, the county auditor shall mail by certified mail a copy of the list to each mortgagee who requests from the county auditor by certified mail a copy of the list. Failure of the county auditor to mail the list does not invalidate an otherwise valid sale. I.C. 6-1.1-24-1(d).
e. Removal of real property from list. A tract or an item of real property may not be removed from the certified list before the tax sale unless all delinquent taxes, special assessments, penalties due on the delinquency, interest, and costs directly attributable to the tax sale have been paid in full. I.C. 6-1.1-24-1.2(a). Exception:
i. The county auditor in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000) may remove a tract or an item of real property from the certified list before the tax sale if the county treasurer and the taxpayer agree to a mutually satisfactory arrangement for the payment of the delinquent taxes. I.C. 6-1.1-24-1.2(c). The county treasurer may remove the tract or item from the certified list if the arrangement:
(a) is in writing;
(b) is signed by the taxpayer; and
(c) requires the taxpayer to pay the delinquent taxes in full within one (1) year of the date the agreement is signed. I.C. 6-1.1-24-1.2(d)

ii. If the taxpayer fails to make a payment under the arrangement, the county auditor shall immediately place the tract or item of real property on the list of real property eligible for sale at a tax sale. I.C. 6-1.1-24-1.2(e)

iii. If the tract or item of real property subject to a payment arrangement is within the jurisdiction of a:
   (a) city having a population of more than one hundred ten thousand (110,000) but less than one hundred twenty thousand (120,000);
   (b) city having a population of more than thirty-three thousand eight hundred fifty (33,850) but less than thirty-five thousand (35,000) located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or
   (c) city having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000); the county auditor shall notify the mayor of the city of the arrangement. I.C. 6-1.1-24-1.2(f).

f. For the requirements applicable to a county having a consolidated city, see: I.C. 6-1.1-24-1.5.

2. Notice of sale at public auction.
   a. In addition to the delinquency list, each county auditor shall prepare a notice which contains:
      i. A list of tracts or real property eligible for sale; I.C. 6-1.1-24-2(a)(1).
      ii. A statement that the tracts or real property included in the list will be sold at public auction to the highest bidder, subject to the right of redemption; I.C. 6-1.1-24-2(a)(2).
      iii. A statement that the tracts or real property will not be sold for an amount which is less than the sum of
          (a) the delinquent taxes and special assessments on each tract or item of real property;
          (b) the taxes and special assessments on each tract or item of real property that are due and payable in the year of the sale, whether or not they are delinquent;
          (c) all penalties due on the delinquencies;
          (d) an amount prescribed by the county auditor that equals the sum of twenty-five dollars ($25) for postage and publication costs and any other actual costs incurred by the county that are directly attributable to the tax sale; and
          (e) any unpaid costs due under from a prior tax sale. I.C. 6-1.1-24-2(a)(3)
      iv. A statement that a person redeeming each tract or item of real property after the sale must pay:
          (a) one hundred ten percent (110%) of the amount of the minimum bid for which the tract or item of real property was offered at the time of sale if the tract or item of real property is redeemed not more than six (6) months after the date of sale;
          (b) one hundred fifteen percent (115%) of the amount of the minimum bid
for which the tract or item of real property was offered at the time of sale if the tract or item of real property is redeemed more than six (6) months after the date of sale;

(c) the amount by which the purchase price exceeds the minimum bid on the tract or item of real property plus ten percent (10%) per annum on the amount by which the purchase price exceeds the minimum bid; and

(d) all taxes and special assessments on the tract or item of real property paid by the purchaser after the tax sale plus interest at the rate of ten percent (10%) per annum on the amount of taxes and special assessments paid by the purchaser on the redeemed property. I.C. 6-1.1-24-2(a)(4)

v. A statement for informational purposes only, of the location of each tract or item of real property by key number, if any, and street address, if any, or a common description of the property other than a legal description. The township assessor, upon written request from the county auditor, shall provide the information to be in the notice required by this subsection. A misstatement in the key number or street address does not invalidate an otherwise valid sale. I.C. 6-1.1-24-2(a)(5).

vi. A statement that the county does not warrant the accuracy of the street address or common description of the property. I.C. 6-1.1-24-2(a)(6).

vii. A statement indicating:
(a) the name of the owner of each tract or item of real property with a single owner; or
(b) the name of at least one (1) of the owners of each tract or item of real property with multiple owners. I.C. 6-1.1-24-2(a)(7).

viii. A statement of the procedure to be followed for obtaining or objecting to a judgment and order of sale, that must include:
(a) A statement that the county auditor and county treasurer will apply on or after a date designated in the notice for a court judgment against the tracts or real property for an amount that is not less than the amount set under subdivision (3), and for an order to sell the tracts or real property at public auction to the highest bidder, subject to the right of redemption; and indicating the date when the period of redemption will expire.
(b) A statement that any defense to the application for judgment must be filed with the court before the date designated as the earliest date on which the application for judgment may be filed.
(c) A statement that the court will set a date for a hearing at least seven (7) days before the advertised date and that the court will determine any defenses to the application for judgment at the hearing. I.C. 6-1.1-24-2(a)(8).

ix. A statement that the sale will be conducted at a place designated in the notice and that the sale will continue until all tracts and real property have been offered for sale. I.C. 6-1.1-24-2(a)(9).

x. A statement that the sale will take place at the times and dates designated in the notice. Except as provided in I.C. 6-1.1-24-5.5, the sale must take place on or after August 1 and before November 1 of each year. I.C. 6-1.1-24-2(a)(10).

xi. A statement that a person redeeming each tract or item after the sale must pay
the costs described in IC 6-1.1-25-2(e). I.C. 6-1.1-24-2(a)(11).

xii. If a county auditor and county treasurer have entered into an agreement under IC 6-1.1-25-4.7, a statement that the county auditor will perform the duties of the notification and title search under IC 6-1.1-25-4.5 and the notification and petition to the court for the tax deed under IC 6-1.1-25-4.6. I.C. 6-1.1-24-2(a)(12).

xiii. A statement that, if the tract or item of real property is sold for an amount more than the minimum bid and the property is not redeemed, the owner of record of the tract or item of real property who is divested of ownership at the time the tax deed is issued may have a right to the tax sale surplus. I.C. 6-1.1-24-2(a)(13).

b. For the notice requirements applicable to a county having a consolidated city, see I.C. 6-1.1-24-2.2.
c. Unpaid costs.
   i. If within sixty (60) days before the date of the tax sale the county incurs postage and publication costs or any other actual costs directly attributable to the tax sale and those costs are not paid, the county auditor shall enter the amount of costs that remain unpaid upon the tax duplicate of the property for which the costs were set. I.C. 6-1.1-24-2(b).
   ii. The county treasurer shall mail notice of unpaid costs entered upon a tax duplicate under this subsection to the owner of the property identified in the tax duplicate. I.C. 6-1.1-24-2(b).
   iii. The amount of unpaid costs entered upon a tax duplicate must be paid no later than the date upon which the next installment of real estate taxes for the property is due. I.C. 6-1.1-24-2(c).
   iv. Unpaid costs entered upon a tax duplicate are a lien against the property described in the tax duplicate, and amounts remaining unpaid on the date the next installment of real estate taxes is due may be collected in the same manner that delinquent property taxes are collected. I.C. 6-1.1-24-2(c).

d. Publication of notice of sale - when real property is eligible for tax sale, the county auditor shall post a copy of the notice at a public place of posting in the county courthouse or in another public county building at least twenty-one (21) days before the earliest date of application for judgment. In addition, the county auditor shall, in accordance with IC 5-3-1-4, publish the notice once each week for three (3) consecutive weeks before the earliest date on which the application for judgment may be made. The expenses of this publication shall be paid out of the county general fund without prior appropriation. I.C. 6-1.1-24-3(a).
e. Copy of Notice to Mortgagee. At least twenty-one (21) days before the application for judgment is made, the county auditor shall mail a copy of the notice by certified mail, return receipt requested, to any mortgagee who annually requests, by certified mail, a copy of the notice. However, the failure of the county auditor to mail this notice or its nondelivery does not affect the validity of the judgment and order. I.C. 6-1.1-24-3(b).
f. Sufficiency of notice. The advertisement published is considered sufficient notice of the intended application for judgment and of the sale of real property under the order of the court. I.C. 6-1.1-24-3(c).
g. Notice to owner of sale
   i. Not less than twenty-one (21) days before the earliest date on which the
application for judgment and order for sale of real property eligible for sale may be made, the county auditor shall send a notice of the sale by certified mail to:

(a) the owner of record of real property with a single owner; or
(b) to at least one (1) of the owners of real property with multiple owners;
at the last address of the owner for the property as indicated in the records of the county auditor. I.C. 6-1.1-24-4(a).

ii. The notice shall be prepared in the form prescribed by the state board of accounts and must set forth the key number, if any, of the real property and a street address, if any, or other common description of the property other than a legal description. I.C. 6-1.1-24-4(a).

iii. The notice must include the statement set forth in section IC 6-1.1-24-2(a)(4). I.C. 6-1.1-24-4(a).

iv. The county auditor must present proof of this mailing to the court along with the application for judgment and order for sale. I.C. 6-1.1-24-4(a).

v. Failure by an owner to receive or accept the notice required by this section does not affect the validity of the judgment and order. I.C. 6-1.1-24-4(a).

vi. The owner of real property shall notify the county auditor of the owner's correct address. I.C. 6-1.1-24-4(a).

vii. The notice is considered sufficient if the notice is mailed to the address required by this section. I.C. 6-1.1-24-4(a).

viii. In addition to the notice required for real property on the list prepared under section IC 6-1.1-24-1.5(e), the county auditor shall prepare and mail the notice required under IC 6-1.1-24-2.2 no later than August 15 in the year in which the property is to be sold. I.C. 6-1.1-24-4(b).

ix. On or before the day of sale, the county auditor shall list, on the tax sale record required by IC 6-1.1-25-8, all properties that will be offered for sale. I.C. 6-1.1-24-4(c).

   a. On the day on which the application for judgment and order for sale is made, the county treasurer shall report to the county auditor all of the tracts and real property listed in the notice upon which all delinquent taxes and special assessments, all penalties due on the delinquencies, any unpaid costs due from a prior tax sale, and the amount due under IC 6-1.1-24-2(a)(3)(D) have been paid up to that time. I.C. 6-1.1-24-4.6(a).
   b. The county auditor, assisted by the county treasurer, shall compare and correct the list, removing tracts and real property for which all delinquencies have been paid, and shall make and subscribe an affidavit attesting to the accuracy of the list. I.C. 6-1.1-24-4.6(a).
   c. Application for judgment and order for sale shall be made as one (1) cause of action to any court of competent jurisdiction jointly by the county treasurer and county auditor. The application shall include the affidavit and corrected list. I.C. 6-1.1-24-4.6(b).
   d. Any defense to the application for judgment and order of sale shall be filed with the court on or before the earliest date on which the application may be made as set forth in the notice. I.C. 6-1.1-24-4.6(c).

4. Court review of list. No later than fifteen (15) days before the advertised date of the tax sale, the court shall examine the list of tracts and real property as provided under IC 6-1.1-24-4.6.
5. Judgment. No later than three (3) days before the advertised date of the tax sale, the court shall enter judgment for those taxes, special assessments, penalties, and costs that appear to be due.
   a. This judgment is considered as a judgment against each tract or item of real property for each kind of tax, special assessment, penalty, or cost included in it. I.C. 6-1.1-24-4.7(a).
   b. The affidavit provided under I.C. 6-1.1-24-4.6 is prima facie evidence of delinquency for purposes of proceedings. I.C. 6-1.1-24-4.7(a).

6. Order for Sale. The court shall also direct the clerk to prepare and enter an order for the sale of those tracts and real property against which judgment is entered. I.C. 6-1.1-24-4.7(a).

7. Hearing. Not later than seven (7) days before the advertised date of the tax sale, the court shall conduct a hearing. At the hearing, the court shall hear any defense offered by any person interested in any of the tracts or items of real property to the entry of judgment against them, hear and determine the matter in a summary manner, without pleadings, and enter its judgment. The objection must be in writing, and no person may offer any defense unless the writing specifying the objection is accompanied by an original or a duplicate tax receipt or other supporting documentation. At least seven (7) days before the date set for the hearing, notice of the date, time, and place of the hearing shall be provided by the court to any person filing a defense to the application for judgment and order of sale. 1. C. 6-1.1-24-4.7(b).

8. Removal from list. If judgment is entered in favor of the respondent under these proceedings or if judgment is not entered for any particular tract, part of a tract, or items of real property because of an unresolved objection, the court shall remove those tracts, parts of tracts, or items of real property from the list of tracts and real property. I.C. 6-1.1-24-4.7(c).

9. A judgment and order for sale shall contain the final listing of affected properties and shall constitute the list of tracts and real property that shall be offered for sale. I.C. 6-1.1-24-4.7(d) and (e).

10. Continuing jurisdiction. The court that enters judgment under this section shall retain exclusive continuing supervisory jurisdiction over all matters and claims relating to the tax sale. I.C. 6-1.1-24-4.7(f).

11. No error or informality in the proceedings of any of the officers connected with the assessment, levying, or collection of the taxes that does not affect the substantial justice of the tax itself shall invalidate or in any manner affect the tax or the assessment, levying, or collection of the tax. I.C. 6-1.1-24-4.7(g).

12. Any irregularity, informality, omission, or defective act of one (1) or more officers connected with the assessment or levying of the taxes may be, in the discretion of the court, corrected, supplied, and made to conform to law by the court, or by the officer (in the presence of the court). I.C. 6-1.1-24-4.7(h).

   a. The sale must:
      i. be held at the times and place stated in the notice of sale; and
      ii. except as provided in section I.C. 6-1.1-24-5.5, not extend beyond October 31 of the year of sale. I.C. 6-1.1-24-5(b).
   b. A tract or an item of real property may not be sold to collect:
      i. delinquent personal property taxes; or
      ii. taxes or special assessments which are chargeable to other real property. I.C. 6-1.1-24-5(c).
   c. A tract or an item of real property may not be sold if all the delinquent taxes, penalties,
and special assessments on the tract or an item of real property and the amount prescribed by I.C. 6-1.1-24-2(a)(3)(D) reflecting the costs incurred by the county due to the sale, are paid before the time of sale. I.C. 6-1.1-24-5(d).

d. The county treasurer shall sell the tract or real property, subject to the right of redemption, to the highest bidder at public auction. However, a tract or an item of real property may not be sold for an amount which is less than the sum of
i. the delinquent taxes and special assessments on each tract or item of real property;
ii. the taxes and special assessments on each tract or item of real property that are due and payable in the year of the sale, regardless of whether the taxes and special assessments are delinquent;
iii. all penalties which are due on the delinquencies;
iv. the amount prescribed by section I.C. 6-1.1-24-2(a)(3)(D) of this chapter reflecting the costs incurred by the county due to the sale;
v. any unpaid costs which are due under IC 6-1.1-24-2(b) of this chapter from a prior tax sale; and
vi. other reasonable expenses of collection, including title search expenses, uniform commercial code expenses, and reasonable attorney's fees incurred by the date of the sale. I.C. 6-1.1-24-5(e).

e. The statutes and the limitations upon a treasurer's power under the law preclude the real estate of a delinquent taxpayer from being sold for more than the lawful taxes, interests, penalties and costs. Watson v. Bagaloff, 135 N.E.2d 736, 739 (Ind. App. 1956).

14. It is not necessary for the county treasurer to first attempt to collect the real property taxes or special assessments out of the personal property of the owner of the tract or real property before conducting the sale. I.C. 6-1.1-24-5(f).

15. The county auditor shall serve as the clerk of the sale. I.C. 6-1.1-24-5(g).

16. Persons prohibited from purchasing. A person who owes delinquent taxes, special assessments, penalties, interest, or costs directly attributable to a prior tax sale on a tract of real property listed or that person's agent may not purchase a tract offered for sale under section I.C. 6-1.1-24-5, I.C. 6-1.1-24-5.2, I.C. 6-1.1-24-5.5, or I.C. 6-1.1-24-5.6 and any sale to such a person is void. The county treasurer shall apply the amount of the person's bid to the person's delinquent taxes and offer the real property for sale again. I.C. 6-1.1-24-5.3.

17. Purchase by County.

   a. When a tract or an item of real property is offered for sale for two (2) consecutive tax sales and an amount is not received equal to or in excess of the minimum sale price, the county acquires a lien in the amount of the minimum sale price. This lien attaches on the day after the last date on which the tract or item was offered for sale the second time. I.C. 6-1.1-24-6(a).

   b. When a county acquires a lien in this manner, the county auditor shall issue a tax sale certificate to the county dated the day that the county acquires the lien. When a county acquires a certificate under this section, the county has the same rights as a purchaser. I.C. 6-1.1-24-6(b).

   c. When a lien is acquired by a county under this section, no money shall be paid by the county. However, each of the taxing units having an interest in the taxes on the tract shall be charged with the full amount of all delinquent taxes due them. I.C. 6-1.1-24-6(c).

18. Payment of sales price. When real property is sold under this chapter, the purchaser at the sale
shall immediately pay the amount of the bid to the county treasurer. The county treasurer shall apply the payment in the following manner:

a. first, to the taxes, special assessments, penalties, and costs described in IC 6-1.1-24-5(e)

b. second, to other delinquent property taxes in the manner provided in IC 6-1.1-23-5(b); and

c. third, to a separate "tax sale surplus fund". I.C. 6-1.1-24-7(a).

19. Distribution claim for surplus money. The owner of record of the real property at the time the tax deed is issued who is divested of ownership by the issuance of a tax deed or tax sale purchaser or purchaser's assignee, upon redemption of the tract or item of real property may file a verified claim for money which is deposited in the tax sale surplus fund. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the claimant for the amount due. I.C. 6-1.1-24-7(b). If the owner who was divested of ownership by the issuance of a tax deed or tax sale purchaser or purchaser's assignee acquired the property from a delinquent taxpayer after the property was sold at a tax sale, the county auditor may not issue a warrant to the person unless the person is named on a tax sale surplus fund disclosure form filed with the county auditor under IC 32-2-8. C. 6-1.1-24-7(c).

20. Disbursement of Taxes Collected.

a. An amount deposited in the tax sale surplus fund shall be transferred by the county auditor to the county general fund and may not be disbursed if it is not claimed within the three (3) year period after the date of its receipt. I.C. 6-1.1-24-7(d).

b. If an amount applied to taxes is later paid out of the county general fund to the purchaser or the purchaser's successor due to the invalidity of the sale, all the taxes shall be reinstated and recharged to the tax duplicate and collected in the same manner as if the property had not been offered for sale. I.C. 6-1.1-27-7(e).

c. When a refund is made to any purchaser or purchaser's successor by reason of the invalidity of a sale, the county auditor shall, at the December settlement immediately following the refund, deduct the amount of the refund from the gross collections in the taxing district in which the land lies and shall pay that amount into the county general fund. I.C. 6-1.1-27-7(f).

21. If a board of county commissioners enters into a contract for the discovery of property which has been omitted from assessment, the investigation and collection expenses shall be deducted from the gross amount of taxes collected on the omitted property which is so discovered. The remainder of the taxes collected on the omitted property shall be distributed to the appropriate taxing units. I.C. 6-1.1-36-12.

N. Action to Enforce Payment.

1. A person's property tax liability may be enforced by any legal remedy including a civil lawsuit brought by a county treasurer or other county executive to collect delinquent taxes. I.C. 6-1.1-22-10(b).

2. One (1) action may be initiated to collect all taxes, penalties, cost, and collection expenses levied against a person in the same county for one (1) or more year. I.C. 6-1.1-22-10(b).

3. Limitation of action - an action may not be initiated to enforce the collection of taxes after ten (10) years from the first Monday in May of the year in which the taxes first became due. An action initiated within the ten (10) year period may be prosecuted to termination. I.C. 6-1.1-22-10(b).

O. Lien on Real Property.

1. The state acquires a lien on each tract of real property for all property taxes levied against the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b),
and all subsequent penalties and cost resulting from the taxes. I.C. 6-1.1-22-13(a).

2. The lien attaches on the assessment date of the year for which the taxes are assessed and continues for ten (10) years from May 10 of the year in which the taxes first become due. If any proceeding is instituted to enforce the lien within the ten (10) year period, the limitation will be extended, if necessary, to permit the termination of the proceeding. I.C. 6-1.1-22-13(b).

3. The lien is not affected by any sale or transfer of the tract. I.C. 6-1.1-22-13(a).

4. The lien of the state inures to taxing units which impose the property taxes on which the lien is based, and the lien is superior to all other liens except a federal lien arising through an insolvency proceeding. I.C. 6-1.1-22-13(c).

5. The taxing unit may institute a civil suit against a person or an entity liable for delinquent property taxes and after obtaining a judgment may collect delinquent real property taxes, penalties due to the delinquency, and costs and expenses incurred in collecting the delinquent property tax, including reasonable attorney's fees and court costs approved by a court with jurisdiction. I.C. 6-1.1-22-13(d).

6. The statute imposes a lien on the land itself as well as personal liability upon those responsible for payment of the tax and "[t]he fact that someone is personally liable for the taxes does not, of itself, relieve the real estate of the tax lien; that lien can be removed only by the actual payment of the taxes." Schofield v. Green, 56 N.E.2d 506, 508 (Ind. App. 1944).

P. Payment of Delinquent Tax by Lienholders

1. A person who holds a lien of record on any real property on which taxes are delinquent may pay the delinquent taxes, penalties and costs. I.C. 6-1.1-22-11.

2. The amount paid constitutes an additional lien on the real property in favor of the lienholder and is collectible, with interest at six percent (6%) per year from the time of payment, in the same manner as the original lien. I.C. 6-1.1-22-11.


1. If a property tax payment is made by:
   a. check;
   b. bank draft;
   c. money order;
   d. bank card or credit card; or
   e. any other draft or financial instrument that is payable by a third party and the third party refuses to pay the amount of the payment to the county treasurer after proper presentation, the county treasurer shall adjust the county treasurer's records to remove any credit made for the payment. I.C. 6-1.1-22-6.5.

2. If the financial instrument is subsequently honored, the county treasurer shall record the payment as being made on the date the financial instrument is honored. I.C. 6-1.1-22-6.5.

3. The county treasurer may deduct any costs incurred because of the dishonoring of the check before crediting the payment. I.C. 6-1.1-22-6.5.

4. Any costs incurred by the county treasurer because of the dishonoring of a draft are a liability of the taxpayer, which may be entered on the tax duplicate for the property. If entered on the tax duplicate, the amount of the liability is subject to interest, penalty, and collection in the same manner as all other special assessments. I.C. 6-1.1-22-12.1.

R. Comparison of list of persons to whom taxing unit owes money with tax delinquencies list.

1. On or before June 1 and December 1 of each year the responsible disbursing officers for each political subdivision, each state educational institution, and every other governmental entity in Indiana shall certify and submit to the county treasurer the name and address of each person to whom money is owed or who is employed by the governmental entity to the county treasurer for the county where the employee works. A governmental entity that has an employee who

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TaxCollection -34-
works in more than one (1) county shall certify the information for the employee to the county where the employee has the employee's principal office. I.C. 6-1.1-22-14(a) and (b).

2. Upon the receipt of the information the county treasurer shall search the treasurer's records to ascertain if any person so certified to the treasurer is delinquent in the payment of property taxes. I.C. 6-1.1-22-14(c).

3. If the county treasurer finds that a person whose name is certified to him is delinquent in the payment of his taxes, he shall certify the name of that person and the amount of the delinquency to the official of the political subdivision or other governmental entity who is to make payment to the person. The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer. I.C. 6-1.1-22-15.

4. On or before June 1 and December 1 of each year, each county treasurer shall provide the state auditor, the Indiana department of transportation, and the board of trustees of each state institution or school with a list of each person who is delinquent in the payment of property taxes and who the county treasurer believes has money due the person from that state official or body. The auditor of state, the Indiana department of transportation, and the board of trustees of each state institution or school shall then make periodic deductions from money due any person whose name is found on the delinquent tax list and shall pay the amount of these deductions to the appropriate county treasurer. I.C. 6-1.1-22-16.

5. The county treasurer shall apply the funds deducted to the delinquent taxes, penalties, and interest owed by that person until those items are paid in full. I.C. 6-1.1-22-17.

S. Penalties Related to the Collection of Property Taxes.

1. False returns. If a person makes and subscribes a property tax return, statement, or document (except a statement described in IC 6-1.1-37-4 or IC 6-1.1-37-5) that he does not believe is correct in every material respect; and the return, statement, or document is certified to as to the truth of the information appearing in it, he has committed a Class D felony. I.C. 6-1.1-37-3.

2. A person who fails to file a personal property return required under IC 6-1.1-3; or temporarily converts property which is taxable under this article into property not taxable to evade the payment of taxes on the converted property commits a Class A misdemeanor. I.C. 6-1.1-37-6.

3. Late personal property return. If a person fails to file a required personal property return on or before the due date, the county auditor shall add a penalty of twenty-five dollars ($25) to the person's next property tax installment. The county auditor shall also add an additional penalty to the taxes payable by the person if he fails to file the personal property return within thirty (30) days after the due date. The amount of the additional penalty is twenty percent (20%) of the taxes finally determined to be due with respect to the personal property which should have been reported on the return. I.C. 6-1.1-37-7(a). A penalty is due with an installment whether or not an appeal is filed under IC 6-1.1-15-5 with respect to the tax due on that installment. For purposes of assessing the penalty, a personal property return is not due until the expiration of any extension period granted by the township assessor under IC 6-1.1-3-7(b). I.C. 6-1.1-37-7(b).

4. Incomplete personal property return. If a person subject to IC 6-1.1-3-7(d) fails to include on a personal property return the information, if any, that the state board of tax commissioners requires under IC 6-1.1-3-9 or IC 6-1.1-5-13, the county auditor shall add a penalty to the property tax installment next due for the return. The amount of the penalty is twenty-five dollars ($25). I.C. 6-1.1-37-7(d). A penalty is due with an installment whether or not an appeal is filed under IC 6-1.1-15-5 with respect to the tax due on that installment.

5. Undervaluation on personal property return. If the total assessed value that a person reports on a personal property return is less than the total assessed value that the person is required
by law to report and if the amount of the undervaluation exceeds five percent (5%) of the value that should have been reported on the return, then the county auditor shall add a penalty of twenty percent (20%) of the additional taxes finally determined to be due as a result of the undervaluation. The penalty shall be added to the property tax installment next due for the return on which the property was undervalued. If a person has complied with all of the requirements for claiming a deduction, an exemption, or an adjustment for abnormal obsolescence, then the increase in assessed value that results from a denial of the deduction, exemption, or adjustment for abnormal obsolescence is not considered to result from an undervaluation for purposes of this subsection. I.C. 6-1.1-37-7(e). A penalty is due with an installment whether or not an appeal is filed under IC 6-1.1-15-5 with respect to the tax due on that installment.

6. Disposition of interest and penalty. The amount of interest or penalty collected from, or credited or refunded to, a taxpayer under this chapter shall be credited or charged to the appropriate taxing units. I.C. 6-1.1-37-12.

X. Adjusted Gross Income Tax.

A. Imposition of Tax.

1. The adjusted gross income tax is imposed annually upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every non-resident person; I.C. 6-3-2-1(a), and

2. on that part of the adjusted gross income derived from sources within Indiana of every corporation. I.C. 6-3-2-1(b).

3. The tax rate of the adjusted gross income tax is three and four-tenths percent. (3.4%).

4. The meaning of and formulas for determining "adjusted gross income derived from sources within Indiana" can be found at I.C. 6-3-2-2.

5. A partnership as such is not subject to adjusted gross income tax. Persons or corporations carrying on business as partners shall be liable for the tax only in their separate or individual capacities. I.C. 6-3-4-11.

B. Returns.

1. The following individuals and/or entities are required to file an adjusted gross income tax return with the department of state revenue:
   a. Every resident individual.
   b. Every nonresident individual, except for a team member as defined in I.C. 6-3-2-2.7 who is covered by a composite return filed under I.C. 6-3-2-2.7.
   c. Every corporation.
   d. Every resident estate.
   e. Every resident trust.
   f. Every nonresident estate and
   g. Every nonresident trust having for the taxable year gross income from sources within the state of Indiana. I.C. 6-3-4-1. The taxpayer shall make the return and pay the tax at the time fixed for filing the return without assessment or notice and demand from the department. I.C. 6-3-4-5.

2. A deceased individual's return shall be made by the executor, administrator, or other person charged with the decedent's property. 6-3-4-2(a).

3. The return of a person unable to make a return shall be made by a duly authorized agent, the individual's committee, guardian, fiduciary, or other person charged with the care of the person or the person's property. I.C. 6-3-4-2(b).

4. An estate's return shall be made by its fiduciary. I.C. 6-3-4-2(c).

5. If a husband and wife file a joint federal income tax return, they shall file a joint state adjusted
gross income tax return. Where a joint state adjusted gross income tax return is filed by a husband and wife, one spouse shall have no liability for the adjusted gross income tax imposed upon the income of the other spouse. I.C. 6-3-4-2(d).

6. If a husband and wife file separate federal income tax returns, they shall file separate state adjusted gross income tax returns. I.C. 6-3-4-2(e).

7. Time for Filing. Returns shall be filed with the department of state revenue on or before the 15th day of the fourth month following the close of the taxable year. I.C. 6-3-4-3.

8. Estimated Tax Returns.
   a. Individuals.
      i. Individuals required to file federal estimated tax returns and to make estimated federal tax payments must file estimated returns and make estimated payments of adjusted gross income tax at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code except that "estimated tax" shall mean the amount which the individual estimates as the amount of the adjusted gross income tax imposed by I.C. 6-3-4 for the taxable year minus the sum of any estimated credits. I.C. 6-3-4-4.1(a).
      ii. Every individual who has gross income subject to the adjusted gross income tax imposed and from which tax is not withheld by his employer shall make a declaration of estimated tax for the taxable year, unless the estimated tax can reasonably be expected to be less than four hundred dollars ($400). I.C. 6-3-4-4.1(b).
      iii. Underpayment of the estimated tax will result in the addition of a penalty in an amount prescribed by IC 6-8.1-10-2.1(b). I.C. 6-3-4-4.1(b).
   b. Corporations.
      i. Every corporation having an after-credit adjusted gross income tax liability exceeding one thousand dollars ($1,000) for its taxable year shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year, less the credit allowed by IC 6-3-3-2 for the tax imposed on gross income. I.C. 6-3-4-4.1(c), (f).
      ii. Such estimated payment shall be made at the same time and in conjunction with the reporting of the corporation's gross income tax. I.C. 6-3-4-4.1(d).
      iii. The department shall prescribe the manner and forms for such reporting and payment. I.C. 6-3-4-4.1(d).
      iv. Corporations failing to make the required estimated payments will be assessed the penalty prescribed by IC 6-8.1-10-2.1(b); however, no penalty shall be assessed as to any estimated payments of adjusted gross income tax plus supplemental net income tax plus gross income tax which equal or exceed:
         (a) twenty percent (20%) of the final tax liability for such taxable year; or
         (b) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year. In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the sum of the corporation's final adjusted gross income tax plus supplemental net income tax liability for such taxable year. I.C. 6-3-4-4.1(e).
      v. Special payment instructions for large tax liability. If the department determines that a corporation's estimated quarterly adjusted gross income tax
liability for the current year or average estimated quarterly adjusted gross income tax liability for the preceding year exceeds, before January 1, 1998, twenty thousand dollars ($20,000), and, after December 31, 1997, ten thousand dollars ($10,000), after the credit allowed by IC 6-3-3-2, the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due. I.C. 6-3-4-4.1(g).

vi. If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return. I.C. 6-3-4-41(h).

c. Partnerships. Unless it is exempt from income taxation under Section 1363 of the Internal Revenue Code, every partnership doing business in Indiana, every partnership to which a resident is a partner, and every partnership which has gross income derived from sources within Indiana shall make a return for each taxable year on the form prescribed by the department. I.C. 6-3-4-10(a).

C. Withholding by Employer

1. Except for a county making wage payments to a precinct election officer, every employer making payments of wages subject to adjusted gross income tax, regardless of the place where such payment is made, who is required to withhold, collect, and pay over federal income tax on wages paid to its employees, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. I.C. 6-3-4-8(a) and (d).

2. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). I.C. 6-3-4-8(a).

3. The employer shall be liable to the state of Indiana for the payment of the adjusted gross income tax required to be deducted and withheld and shall not be liable to any individual for the amount deducted from his wages and paid over in compliance or intended compliance with the statute. I.C. 6-3-4-8(a)(1).

4. The amount of tax withheld shall be paid to and the return filed with the department monthly. I.C. 6-3-4-8(a)(2).

5. Time for payment.
   a. An employer shall pay taxes the withheld during a particular month to the department no later than thirty (30) days after the end of that month. I.C. 6-3-4-8(b).
   b. In place of monthly reporting periods, the department may permit an employer to report and pay the tax.
      i. On a calendar year basis if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars ($10);
      ii. On a six month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars ($25); or
      iii. On a quarterly basis, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars ($75). I.C. 6-3-4-8(b).
   c. An employer using a reporting period (other than a monthly reporting period) must file
the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following the close of the reporting period. I.C. 6-3-4-8(b).

d. If an employer files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under I.C. 6-3-4-8.1 or I.C 6-2.5-6-1. I.C. 6-3-4-8(b).

6. For purposes of determining whether an employee is subject to county adjusted gross income tax, an employer may rely on the statement of his employee as to his county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. I.C. 6-3-4-8(c).

7. An employee must notify his employer within five (5) days after any change in his county of residence. I.C. 6-3-4-8(d).

8. Information to be included on Return -- When remitting payment to the department, the employer must also deliver a return using the form prescribed by the department. The form must state:
   a. the total amount of wages paid to his employees,
   b. the amount deducted from the wages in accordance with the provisions of the Internal Revenue Code;
   c. The amount of adjusted gross income tax deducted;
   d. The amount of county adjusted gross income tax deducted; and
   e. any other information the department may require. I.C. 6-3-4-8(e).

9. Annual Report to Employees. Every employer making a declaration of withholding of adjusted gross income tax must furnish his employees annually, but not later than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each county adjusted gross income tax, if any, withheld from the employees, on the forms prescribed by the department. I.C. 6-3-4-8(e).

10. Once deducted and withheld by the employer, the money collected as adjusted gross income tax becomes the money of the state and the employer must hold the money in trust for the state of Indiana and for payment thereof to the department in the manner and at the times required by statute. I.C. 6-3-4-8(f).

11. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld. I.C. 6-3-4-8(f).

12. Penalties. The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section. I.C. 6-3-4-8(g).

13. Personal liability of employer - any adjusted gross income tax deducted or required to be deducted and remitted to the department shall be considered to be the tax of the employer, and the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes shall be personally liable for such taxes, penalties, and interest. I.C. 6-3-4-8(g).

14. Amounts deducted from wages of an employee during any calendar year shall be considered to be in part payment of his adjusted gross income tax for his taxable year which begins in such calendar year, and the employer's return shall be accepted by the department as evidence in favor of the employee of the amount deducted from his wages. I.C. 6-3-4-8(h).

15. Excess deductions
   a. If the total amount deducted exceeds the amount of adjusted gross income tax and county adjusted gross income tax due from the employee, the department shall, after examining the return or returns filed by the employee, refund the amount of the excess deduction. I.C. 6-3-4-8(h).
b. However, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. I.C. 6-3-4-8(h).

c. No refund shall be made to an employee who fails to file his adjusted gross income tax and county adjusted gross income tax returns as required within two (2) years from the due date of the return or returns. I.C. 6-3-4-8(h).

d. No refund shall be made if excess tax deducted is less than one dollar ($1). I.C. 6-3-4-8(h).

16. An employer's withholding in no way relieves any taxpayer from his obligation of filing a adjusted gross income tax or county adjusted gross income tax return at the time required. If the amount withheld by the employer is insufficient to pay the taxpayer's total tax, such unpaid tax shall be paid at the time prescribed by I.C. 6-3-4-5. I.C. 6-3-4-8(i).

17. Employers of domestic service employees.
   a. If the employer of a domestic service employee enters into an agreement with that employee to withhold federal income tax, he may also withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code. I.C. 6-3-4-8(j).
   b. To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code. I.C. 6-3-4-8(k).

18. Penalty for failure to remit withheld funds. A person who knowingly fails to remit the amounts withheld as adjusted gross income tax commits a Class D felony. I.C. 6-3-4-8(1).

D. Withholding by Partnership.
   1. Every partnership shall, at the time that the partnership pays or credits amounts to any of its nonresident partners on account of their distributive shares of partnership income, for a taxable year of the partnership, deduct and retain therefrom the amount prescribed in the withholding instructions referred to in I.C. 6-3-4-8. I.C. 6-3-4-12(a).
   2. The partnership in paying or crediting any nonresident partner shall be liable to the state of Indiana for the payment of the adjusted gross income tax required to be deducted and retained and shall not be liable to such partner for the amount deducted from such payment or credit and paid over in compliance or intended compliance with the statute. I.C. 6-3-4-12(a).
   3. Time for reporting and payment.
      a. The partnership shall make return of and payment to the department monthly whenever the amount of adjusted gross income tax and county adjusted gross income tax due exceeds an aggregate amount of fifty dollars ($50) per month. The payment is due on the thirtieth day of the following month, unless an earlier date is specified by section IC 6-3-4-8.1. I.C. 6-3-4-12(a).
      b. If the partnership pays or credits amounts to its nonresident partners only one time each year, the department may permit a partnership to file one (1) return and payment each year. The return and payment are due not more than thirty (30) days after the end of the year. I.C. 6-3-4-12(g).
      c. If the aggregate amount of adjusted gross income tax and county adjusted gross income tax due does not exceed fifty dollars ($50) per month, then such partnership shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of tax it is required to withhold. I.C. 6-
3-4-12(a).

d. Reporting requirements.
i. At the time each payment of adjusted gross income tax is made to the department, the partnership shall deliver to the department a return upon such form as shall be prescribed by the department showing the total amounts paid or credited to its nonresident partners, the amount deducted therefrom, and such other information as the department may require. I.C. 6-3-4-12(b).

ii. Every partnership making the deduction and retention of adjusted gross income tax shall furnish to its nonresident partners annually, but not later than thirty (30) days after the end of its taxable year, a record of the amount of tax deducted and retained from such partners on forms to be prescribed by the department. I.C. 6-3-4-12(b).

4. All money deducted and retained by the partnership as adjusted gross income tax shall immediately upon such deduction be the money of the state of Indiana and every partnership which deducts and retains such amounts of money shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided by statute. I.C. 6-3-4-12(c).

5. Any partnership may be required to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money deducted and retained. I.C. 6-3-4-12(c).

6. The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to partnerships and for these purposes any amount deducted, or required to be deducted and remitted to the department as adjusted gross income tax, shall be considered to be the tax of the partnership, and with respect to such amount it shall be considered the taxpayer. I.C. 6-3-4-12(d).

7. Amounts deducted from payments or credits to a nonresident partner during any taxable year of the partnership as adjusted gross income tax will be considered to be in part payment of the tax imposed on such nonresident partner for his taxable year within or with which the partnership's taxable year ends. A return made by the partnership under subsection (b) shall be accepted by the department as evidence in favor of the nonresident partner of the amount so deducted for his distributive share. I.C. 6-3-4-12(e).

8. Remittance by the partnership of a nonresident's adjusted gross income tax in no way relieves the nonresident partner from his obligations of filing an adjusted gross income tax or county adjusted gross income tax return, and any unpaid tax shall be paid at the time prescribed by IC 6-3-4-5. I.C. 6-3-4-12(f).

E. Withholding by Subchapter S Corporation.

1. Every Subchapter S corporation shall, at the time that it pays or credits amounts to any of its nonresident shareholders as dividends or as their share of the corporation's undistributed taxable income, withhold the amount of adjusted gross income tax prescribed by the department. I.C. 6-3-14(a).

2. The corporation shall be liable to the state of Indiana for the payment of the adjusted gross income tax required to be withheld and shall not be liable to such shareholder for the amount withheld and paid over. I.C. 6-3-4-13(a)(1).

3. Time for Reporting and Payment.

a. When the aggregate amount of adjusted gross income tax and county adjusted gross income tax due exceeds one hundred fifty dollars ($150) per quarter, then such corporation shall make return and payment to the department quarterly, on such dates and in such manner as the department shall prescribe, of the amount of adjusted gross
income and county adjusted gross income tax it is required to withhold. I.C. 6-3-4-13(a)(2).

b. If the corporation pays or credits amounts to its nonresident shareholders only one (1) time each year the department may permit it to file one (1) return and payment each year. The withholding return and payment are due on or before the fifteenth day of the third month after the end of the taxable year of the corporation. I.C. 6-3-4-13(g).

c. Reporting requirements.

   i. At the time of each payment is made to the department, the corporation shall deliver to the department a return, upon such form as shall be prescribed by the department, showing the total amounts paid or credited to its nonresident shareholders, the amount of adjusted gross income tax withheld, and such other information as the department may require. I.C. 6-3-4-13(b).

   ii. The corporation shall furnish to its nonresident shareholders annually, but not later than the fifteenth day of the third month after the end of its taxable year, a record of the amount of tax withheld on behalf of such shareholders on forms to be prescribed by the department. I.C. 6-3-4-13(b).

4. All money withheld by a corporation as adjusted gross income tax shall immediately upon being withheld be the money of the state of Indiana and every corporation which withholds any amount of money under the provisions of this section shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in the statute. I.C. 6-3-4-13(c).

5. The department may require any corporation to post a surety bond in such sum as the department shall determine to be appropriate to protect the state of Indiana with respect to money withheld as adjusted gross income tax. I.C. 6-3-4-13(c).

6. The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to corporations required to withhold adjusted gross income tax. I.C. 6-3-4-13(d).

7. Any amount withheld, or required to be withheld and remitted to the department as adjusted gross income tax shall be considered to be the tax of the corporation, and with respect to such amount it shall be considered the taxpayer. I.C. 6-3-4-13(d).

8. Amounts withheld from payments or credits to a nonresident shareholder during any taxable year of the corporation for payment of adjusted gross income tax shall be considered to be a part payment of the tax imposed on such nonresident shareholder for his taxable year within or with which the corporation's taxable year ends. A return made by the corporation shall be accepted by the department as evidence in favor of the nonresident shareholder of the amount so withheld from the shareholder's distributive share. I.C. 6-3-4-13(e).

9. The corporation's withholding of adjusted gross income tax in no way relieves any nonresident shareholder from the shareholder's obligation of filing an adjusted gross income tax or county adjusted gross income tax return and any unpaid tax shall be paid at the time prescribed by IC 6-3-4-5. I.C. 6-3-4-13(f).

10. Distributions Made with Property Other Than Money; Gains Realized Without the Payment of Money. If a distribution will be made with property other than money or a gain is realized without the payment of money, the corporation shall not release the property or credit the gain until it has funds sufficient to enable it to pay the adjusted gross income tax. If necessary, the corporation shall obtain such funds from the shareholders. I.C. 6-3-4-13(h).

11. If a corporation fails to withhold and pay any amount of adjusted gross income tax and thereafter the tax is paid by the shareholders, such amount of tax as paid by the shareholders shall not be collected from the corporation but the corporation shall not be relieved from liability for any interest or penalty otherwise due in respect to such failure to withhold. I.C.
12. A corporation may file a composite adjusted gross income tax return on behalf of some or all nonresident shareholders if it complies with the requirements prescribed by the department for filing a composite return. I.C. 6-3-4-13(j).

F. Withholding by Trust or Estate.

1. A trust or estate that distributes income to a nonresident beneficiary (except income attributable to interest or dividends), shall at the time of distribution deduct and retain therefrom the amount of adjusted gross income tax prescribed in the withholding instructions referred to in IC 6-3-4-8. I.C. 6-3-4-15(a).

2. The trust or estate is liable to the state for the adjusted gross income tax it is required to deduct and is not liable to the beneficiary for the amount of the adjusted gross income tax deducted from the distribution and paid to the department. I.C. 6-3-4-15(a)(1).

3. Time for payment.
   a. The trust or estate shall pay the amount deducted to the department before the thirtieth day of the month following the distribution, unless an earlier date is specified by I.C. 6-3-4-8.1. I.C. 6-3-4-15(a)(2).
   b. Reporting requirements:
      i. At the time that it makes a payment of adjusted gross income tax to the department, the trust or estate shall deliver to the department a return which shows the total amounts distributed to the trust's or estate's nonresident beneficiaries, the amount of adjusted gross income tax deducted from the distributions, and any other information required by the department. The trust or estate shall file the return on the form prescribed by the department. I.C. 6-3-4-15(b).
      ii. A trust or estate which makes the deduction and retention of adjusted gross income tax shall furnish to its nonresident beneficiaries annually, but not later than thirty (30) days after the end of the trust's or estate's taxable year, a record of the amount of tax deducted and retained from the beneficiaries. The trust or estate shall furnish the information on the form prescribed by the department. I.C. 6-3-4-15(b).

4. The money deducted and retained by a trust or estate as adjusted gross income tax is money of the state of Indiana and every trust or estate which deducts and retains such tax shall hold the money in trust for this state until it pays the money to the department in the manner and at the time provided in the statute. I.C. 6-3-4-15(c).

5. The department may require a trust or estate to post a surety bond to protect this state with respect to adjusted gross income tax deducted and retained by the trust or estate. The department shall determine the amount of the surety bond. I.C. 6-3-4-15(c).

6. Penalties. The provisions of I.C. 6-8.1 relating to penalties or to additions to tax in case of a delinquency apply to trusts and estates required to withhold adjusted gross income tax. I.C. 6-3-4-15(d).

7. Any amount deducted, or required to be deducted and remitted to the department is considered the tax of the trust or estate, and with respect to that amount, it is considered the taxpayer. I.C. 6-3-4-15(d).

8. Amounts deducted as adjusted gross income from distributions to nonresident beneficiaries during a taxable year of the trust or estate are considered a partial payment of the tax imposed on the nonresident beneficiary for his taxable year within or with which the trust's or estate's taxable year ends. The department shall accept a return made by the trust or estate as evidence of the amount of tax deducted from the income distributed to a nonresident beneficiary. I.C.
9. The reporting and payment requirements on the trust or estate do not relieve a nonresident beneficiary of his duty to file a return at the time required under IC 6-3 and the nonresident beneficiary shall pay any unpaid tax at the time prescribed by IC 6-3-4-5. I.C. 6-3-4-15(f).

G. Withholding from Certain Payments Made to State Residents.

1. The payor of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan, as described in Section 3405 of the Internal Revenue Code, that is paid to a resident of Indiana shall, upon receipt from the payee of a written request for state income tax withholding, withhold the requested amount from each payment. I.C. 6-3-4-15.7(a).

2. The request must be dated and signed by the payee and specify the flat whole dollar amount to be withheld from each payment. The request must also specify the payee's name, current address, taxpayer identification number, and the contract, policy, or account number to which the request applies. I.C. 6-3-4-15.7(a).

3. The request shall remain in effect until the payor receives a written change in or revocation of the request from the payee. I.C. 6-3-4-15.7(a).

4. The payor is not required to withhold state income tax from a payment if the amount to be withheld is less than ten dollars ($10) or if the amount to be withheld would reduce the affected payment to less than ten dollars ($10). I.C. 6-3-4-15.7(b).

5. Report and Remittance. The payor is responsible for custody of withheld funds, for reporting withheld funds to the state and to the payee, and for remitting withheld funds to the state in the same manner as is done for wage withholding, including utilization of federal forms and participation by Indiana in the combined Federal/State Filing Program on magnetic media. I.C. 6-3-4-15.7(c).

H. Circumstances Requiring Twenty (20) Day Time Limit for Remittance of Withholding; Special Requirements for Large Tax Liability.

1. An employer, partnership, corporation or fiduciary required to file a monthly return and to make monthly remittances of adjusted gross income tax will be required to file those returns and make those remittances twenty (20) days after the end of the each month for which those returns and remittances are filed if
   a. that entity's average monthly remittance for the immediately preceding calendar year exceeds one thousand dollars ($1,000); I.C. 6-3-4-8.1(a)
   b. the department estimates that the entity's average monthly payment for the current calendar year will exceed one thousand dollars ($1,000), I.C. 6-3-4-8.1(b); or
   c. the person files a combined sales and withholding tax report and he is required to file either the sales or withholding report is required to be made within twenty (20) days after the end of each month. I.C. 6-3-4-8.1(c).

2. If the department determines that an entity's estimated monthly withholding tax remittance for the current year or average monthly withholding tax for the preceding year exceeds ten thousand dollars ($10,000), the entity must remit to the department the monthly withholding taxes due by electronic fund transfer or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order. The transfer or payment must be made on or before the date the remittance is due. I.C. 6-3-4-8.1(d). If an entity's withholding tax remittance is made by electronic fund transfer, the entity is not required to file a monthly withholding tax return. However, the entity shall file a quarterly withholding tax return before the twentieth day following the end of each calendar quarter. I.C. 6-3-4-8.1(e).

I. Distribution of Collected Taxes. Revenues derived from the imposition and collection of the adjusted gross income tax shall be allocated between and deposited in the state general fund and the property
tax replacement fund as follows:
1. Corporations.
   a. For each adjusted gross income tax payment received from a corporation, the amount determined by utilizing the following formula will be deposited into the state general fund adjusted gross income tax rate in effect for the taxable year in which payment is made minus .03 divided by .03 multiplied by the amount of the adjusted gross income tax payment. I.C. 6-3-7-2.5(b).
   b. All other revenues derived from the collection of adjusted gross income tax imposed on corporations will be deposited in the following manner:
      i. Ten million dollars ($10,000,000) for each state fiscal year shall be deposited into the state general fund. I.C. 6-3-7-3(a)(1).
      ii. The balance of such revenues shall be deposited into the property tax replacement fund. I.C. 6-3-7-3(a)(2).
2. Persons. All revenues derived from the collection of adjusted gross income tax imposed on persons shall be deposited in the state general fund. I.C. 6-3-7-3(b).

J. Penalties Related to the Collection of Adjusted Gross Income Tax.
1. A taxpayer who makes false entries in his books or keeps more than one (1) set of books with the intent to defraud the state or to evade the payment of the tax or any part thereof, commits a Class D felony. I.C. 6-3-6-10(b).
2. Failure to make a required return or to make a false return or false statement in any return with the intent to defraud the state or to evade the payment of the tax or any part thereof commits a Class D felony. I.C. 6-3-6-11(a).

XI. Gross Income Tax.
A. Imposition of Tax. The gross income tax is an income tax imposed upon the receipt of
   1. the entire taxable gross income of a taxpayer who is a resident or a domiciliary of Indiana; and
   2. the taxable gross income derived from activities or businesses or any other sources within Indiana by a taxpayer who is not a resident or a domiciliary of Indiana.
   3. A taxpayer is not an individual unless he is also an assignee, receiver, commissioner, fiduciary, trustee, or consignee. I.C. 6-2.1-1-16.

B. Returns.
1. Estimated Returns. Except as provided below, a taxpayer is required to file gross income tax returns with, and pay the taxpayer's gross income tax liability to, the department of state revenue by the due date of the estimated return. I.C. 6-2.1-5-1(b).
   a. Due date.
      i. A taxpayer who utilizes a taxable year that ends on December 31 shall file the taxpayer's estimated gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. I.C. 6-2.1-5-1(b).
      ii. If a taxpayer utilizes a taxable year which does not end on December 31, the due dates for filing estimated gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. I.C. 6-2.1-5-1(b).
   b. Amount to Pay. With each return filed and with each payment made the taxpayer shall pay to the department the remainder of
      i. either twenty-five percent (25%) of the estimated or the exact amount of gross income tax which is due; minus
      ii. the amount of any gross income tax which was withheld pursuant to I.C. 6-2.1-6. I.C. 6-2.1-5-1(c)
c. When estimated return not required. A taxpayer will not be required to file an estimated gross income tax return during a given taxable year if
   i. the estimated annual gross income tax liability does not exceed one thousand dollars ($1,000) I.C. 6-2.1-5-1(d)
   ii. the taxpayer is required to file an annual gross income tax return under IC 6-2.1-5-2.1 of this chapter, and pays in full the taxpayer's gross income tax liability for that taxable year before the taxpayer's final estimated return is due I.C. 6-2.1-5-1(e); or
   iii. The gross income tax payment is made by electronic funds transfer. I.C. 6-2.1-5-1(g).

d. Special payment instructions for large tax liability. If the department determines that a taxpayer's estimated quarterly gross income tax liability for the current year; or average estimated quarterly gross income tax liability for the preceding year exceeds, before January 1, 1998, twenty thousand dollars ($20,000) and, after December 31, 1997, ten thousand dollars ($10,000), the taxpayer shall pay the estimated gross income taxes due by electronic funds transfer or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due. I.C. 6-2.1-5-1(f).

2. Annual Returns.
   a. Every taxpayer who receives more than one thousand dollars ($1,000) in gross income during a particular taxable year must file an annual gross income tax return and must remit payment; I.C. 6-2.1-5-2(a).
      i. Time for payment.
         (a) If the taxpayer's taxable year ends on December 31, the annual return shall be filed and the tax paid for that taxable year on or before April 15th of the immediately succeeding tax year. I.C. 6-2.1-5-2(b).
         (b) If the taxpayer's taxable year does not end on December 31, the returns shall be filed and the tax paid on the date set forth by the department. I.C. 6-2.1-5-2(c).
      ii. If the taxpayer's gross income is either wholly or partially subject to the withholding procedures set forth in I.C. 6-2.1-6, the return shall be filed on or before March 1 of the calendar year immediately following the year during which the tax was withheld. I.C. 6-2.1-5-2(d).
      iii. Sworn statement as to gross income - any taxpayer who does not file an annual gross income tax return may be required to execute and file with the department a sworn statement that he did not receive more than one thousand dollars ($1,000) of taxable gross income during that year. I.C. 6-2.1-5-2(e).
   b. A receiver, trustee in dissolution, trustee in bankruptcy, or assignee operating the property or business of a taxpayer shall file a gross income tax return for that taxpayer and pay any tax due on gross income reported in the return, in the same manner that the taxpayer would be required to file a return and pay the tax if the taxpayer had control of the business or property. I.C. 6-2.1-5-7(a).
      i. Lien on property. The gross income tax liability imposed on the property is a lien upon that property. I.C. 6-2.1-5-7(c).
      ii. Distributee liability. If after the fiduciary is discharged, any gross income tax remains due and unpaid, the liability for the tax will attach to each distributee in an amount equal to the quotient of the distributee's share of the business or
property sold divided by the total distribution made by the fiduciary. I.C. 6-2.1-5-7(d).

iii. A resident fiduciary who received gross income for a non-resident distributee must file a gross income tax return and pay the gross income tax due with that return before distributing to that distributee. I.C. 6-2.1-5-7(e).

iv. A resident distributee who receives gross income from a non-resident fiduciary shall file a return reporting the receipt of such gross income and shall pay any gross income due on that gross income, as though the gross income had been received directly by the resident distributee, unless the tax has already been paid by the fiduciary. I.C. 6-2.1-5-7(f).

c. A commissioner appointed by a court for the sale of real estate must file a return showing the gross income from the sale of the real estate and must pay the tax imposed upon that gross income. I.C. 6-2.1-5-8(a). The provisions concerning the payment of gross income tax, filing of gross income tax returns, and personal liability for the payment of gross income mentioned immediately above apply to this situation as well. I.C. 6-2.1-5-8(b).

d. A taxpayer who receives gross income from a consignment sale in which the taxpayer was the consignee must file a return showing the gross income received from the sale. I.C. 6-2.1-5-9.

e. Every individual, partnership, corporation, limited liability company, joint stock company or association that is either a resident of Indiana or has a place of business in Indiana must file an information return with the department if he has control or custody of, receives, or makes payment of

i. dividends of six hundred dollars ($600) or more;

ii. interest of six hundred dollars ($600) or more;

iii. rents, premiums, annuities, compensations, or other fixed or determinable annual or periodic amounts, which are subject to gross income tax and which must be reported by the taxpayer under federal income tax law; or

iv. salaries, wages, or compensation of one hundred dollars ($100) or more which are paid, payable or credited to another taxpayer are subject to the gross income tax. I.C. 6-2.1-5-10(a). The returns must be filed on or before January 31 of each year unless the taxpayer is granted a filing extension by the department. I.C. 6-2.1-5-10(b).

f. Whenever the state, or an agency, municipal corporation, political subdivision, or taxing district of this state enters into a contract for the construction of a building or other improvement within the state, including contracts for architectural, engineering, or designing services, the officer who executes the contract or controls the expenditure of funds by the governmental entity and any contractor who is performing or will perform the contract must file a return with the department. I.C. 6-2.1-5-11(a) and (b).

C. Accounting Method.

1. A taxpayer must use either the cash or accrual method of accounting for purposes of determining his gross income tax liability.

2. The taxpayer must utilize the same method of accounting he currently uses for federal tax purposes.

3. If the taxpayer does not utilize either the cash or accrual method for federal tax purposes, he must use the cash method in determining his gross income tax liability. I.C. 6-2.1-5-12.

D. Withholding.

1. A taxpayer must withhold gross income tax from the payments made to a nonresident
contractor for the performance of any contract except contracts of sale. The highest rate of gross income tax shall be used to calculate the amount of the withholding. I.C. 6-2.1-6-1(b). No tax may be withheld from the first one thousand dollars ($1,000) paid to the nonresident contractor during a calendar year. I.C. 6-2.1-6-1(c).

2. If the department finds that a taxpayer is not properly reporting and paying the gross income tax on any gross income he receives, it may require the taxpayer to withhold from payments made to him the proper amount of gross income tax owed on such payment. The highest rate of gross income tax shall be used to calculate the amount of the withholding. The department will notify the withholding agent in writing of the need to withhold the taxes. No tax may be withheld from the first one thousand dollars ($1,000) paid to a taxpayer during a taxable year. I.C. 6-2.1-6-2.

3. Returns.
   a. An agent charged with withholding gross income tax must file a return and pay the amount of tax withheld to the department on April 20, June 20, September 20, and December 20 of each calendar year.
   b. The return shall reflect the amount of tax withheld from gross income for each taxpayer.
   c. The withholding agent is indemnified against the claims and demands of any individual or entity for the amount of any payment of gross income tax. The withholding agent must send to the taxpayer on or before January 31 of the year immediately following the calendar year during which the tax was withheld a written statement, in duplicate, showing the amount of gross income tax the agent paid and deducted and withheld during the calendar year. The taxpayer must attach one copy of the statement to his annual gross income tax return. I.C. 6-2.-6-4.

E. Sale or Transfer of Interest in Real Estate
   1. Taxes imposed on the sale or transfer of an interest in real estate are to be paid to the treasurer of the county in which the real estate is located. I.C. 6-2.1-8-5(a).
   2. The county treasurer will rubber stamp the document of transfer indicating the tax has been paid and providing the name of the seller or grantor and the amount and date of the payment. I.C. 6-2.1-8-5(a).
   3. The county treasurer will remit the proceeds to the department on the fifteenth day of January, April, July, and October for the preceding quarterly period. I.C. 6-2.1-8-5(b).
   4. If the department determines that the average monthly amount due for the preceding year exceeds ten thousand dollars ($10,000), the county treasurer shall pay the taxes due to the department by electronic funds transfer or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due. I.C. 6-2.1-8-5(c).
   5. As compensation for collecting the gross income tax, the county treasurer may retain one percent (1%) of any gross income tax payment due to the department. Any amount the county treasurer retains shall be deposited in that county's general fund. I.C. 6-2.1-8-5(d).

F. Remittance of tax. On or before the fifth day of each month, the department shall deposit in the state general fund the total amount of gross income tax revenue it has received in the immediately preceding month. I.C. 6-2.1-8-1.

G. Penalties Related to the Collection of Gross Income Tax.
   1. A taxpayer, or any officer, employee, or partner of a taxpayer:
      a. who makes a false entry in the taxpayer's records or
      b. who keeps more than one set of records for the taxpayer with the intent to defraud the state or evade the payment of gross income tax, commits a Class D felony. I.C. 6-2.1-
1. Failure to file a return or entering false information on a return with the intent to defraud the state is a Class B misdemeanor. I.C. 6-2.1-7-4.

2. A withholding agent, or officer, or partner of a withholding agent, who recklessly violates the withholding provisions of the gross income tax statute commits a Class B misdemeanor. I.C. 6-2.1-7-7.

XII. Sales and Use Taxes.

A. State Gross Retail Tax.

1. Transactions Subject to Tax. The state gross retail tax is an excise tax imposed on retail transactions made in Indiana. I.C. 6-2.5-2-1(a). Three general categories are designated as retail transactions for purposes of the statute:
   a. Transactions of a retail merchant that constitute selling at retail as described in I.C. 6-2.5-4-1;
   b. Transactions of a retail merchant that constitute making a wholesale sale as described in I.C. 6-2.5-4-2; and
   c. Transactions described in any other section of I.C. 6-2.5-4 (“Retail Transactions of Retail Merchant”).

2. Liability for Tax. The person who acquires property in a retail transaction is liable for the tax on the transaction and, except as otherwise provided in this chapter, shall pay the tax to the retail merchant as a separate added amount to the consideration in the transaction. I.C. 6-2.5-2-1(b).

3. Responsibility for Collection of Tax. The retail merchant shall collect the tax as agent for the state. I.C. 6-2.5-2-1(b).

B. Use Tax.

1. Transactions Subject to Tax. The use tax is an excise tax imposed on:
   a. the storage, use or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making the transaction. I.C. 6-2.5-3-2(a).
      i. Retail transactions made from outside Indiana to a destination in Indiana by a person who does not maintain a place of business in Indiana and who engages in the regular or systematic soliciting of retail transactions from potential customers in Indiana are subject to use tax. A person is rebuttably presumed to be engaging in the regular or systematic solicitation of retail transactions from potential customers in Indiana if he does any of the following:
         (a) Distributes catalogs, periodicals, advertising flyers, or other written solicitations of business to potential customers in Indiana, regardless of whether the distribution is by mail or otherwise and without regard to the place from which the distribution originated or in which the materials were prepared.
         (b) Displays advertisements on billboards or displays other outdoor advertisements in Indiana.
         (c) Advertises in newspapers published in Indiana.
         (d) Advertises in trade journals or other periodicals that circulate primarily in Indiana.
         (e) Advertises in Indiana editions of a national or regional publication or a limited regional edition in which Indiana is included as part of a broader regional or national publication if the advertisements are not placed in other geographically defined editions of the same issue of the
same publication.

(f) Advertises in editions of regional or national publications that are not by the contents of the editions geographically targeted to Indiana but that are sold over the counter in Indiana or by subscription to Indiana residents.

(g) Broadcasts on a radio or television station located in Indiana.

(h) Makes any other solicitation by telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system. A person not maintaining a place of business in Indiana is considered to be engaged in the regular or systematic soliciting of retail transactions from potential customers in Indiana if the person engages in any of the activities described above and:

(i) Makes at least one hundred (100) retail transactions from outside Indiana to destinations in Indiana during a period of twelve (12) consecutive months; or

(j) Makes at least ten (10) retail transactions totaling more than one hundred thousand dollars ($100,000) from outside Indiana to destinations in Indiana during a period of twelve (12) consecutive months.

(k) The location in or outside Indiana of vendors that:
   i) Are independent of a person that is soliciting customers in Indiana; and
   ii) Provide products or services to the person in connection with the person's solicitation of customers in Indiana, including products and services such as creation of copy, printing, distribution, and recording; is not to be taken into account in the determination of whether the person is required to collect use tax. I.C. 6-2,5-8-10.

b. The storage, use, or consumption of a vehicle, an aircraft or a watercraft, if the vehicle, aircraft, or watercraft is acquired in a transaction that is an isolated or occasional sale and is required to be titled, licensed, or registered by the state of Indiana for use in Indiana. I.C. 6-2.5-3-2(b).

c. The addition of tangible personal property to a structure or facility, if, after its addition, the property becomes part of the real estate on which the structure or facility is located, unless:
   i. The state gross retail or use tax has already been imposed on the sale or use of that property; or
   ii. The ultimate purchaser or recipient of the property would have been exempt from the tax if he had purchased the property directly from the supplier for addition to the structure or facility. I.C. 6-2.5-3-2(c).

d. There are a number of exemptions from use tax and they can be found at I.C. 6-2.5-3-2(d), I.C. 6-2.5-3-4(a) and I.C. 6-2.5-5-1, et seq.

2. Liability for Tax. The person who uses, stores, or consumes the tangible personal property acquired in a retail transaction is personally liable for the use tax. I.C. 6-2.5-3-6(b).

   a. If the retail merchant is engaged in business in Indiana or if it has departmental permission to collect the tax, the person liable for the use tax shall pay the tax to the retail merchant.
b. In all other cases, the tax shall be paid to the department. I.C. 6-2.5-3-6(c).

c. A person liable for use tax imposed in respect to a vehicle or watercraft shall pay the tax to the titling agency when he applies for a title to the vehicle or watercraft. I.C. 6-2.5-3-6(d)(1).

d. A person liable for tax imposed in respect to an aircraft shall pay the tax to the registering agency when he registers the aircraft. I.C. 6-2.5-3-6(d)(2).

e. If tangible property is accepted by a purchaser outside the state of Indiana but is stored, used, or otherwise consumed in Indiana, the purchase is subject to the tax and the tax shall be paid directly to the Indiana Department of Revenue by the Indiana purchaser. 45 I.A.C. 2.2-3-21.

f. Receipt for tax - When a retail merchant collects use tax from a person, he shall, upon request, issue a receipt to the person evidencing collection of the tax. I.C. 6-2.5-3-8(a).

C. Procedure for Collection of Sales and Use Taxes.

1. Returns.

   a. Frequency of filing.

      i. Each person liable for collecting the gross retail or use taxes must file monthly returns with the department and remit the taxes collected during that month to the department. The department may allow a person to divide a year into a different number of reporting periods and each return and payment due for those periods shall be submitted not more than thirty (30) days after the end of the period. I.C. 6-2.5-6-1(a).

      ii. The department may permit a person to divide a year into periods covering:

         (a) if the retail merchant's average monthly gross retail and use tax liability in the previous calendar year did not exceed ten dollars ($10), the merchant may report and pay the tax on a calendar year basis;

         (b) if the retail merchant's average monthly gross retail and use tax liability in the previous calendar year did not exceed twenty-five dollars ($25), the merchant may report and pay the tax on a calendar half year basis. If the taxpayer uses any of these reporting periods, it shall report and pay the tax for a period no later than the last day of the month immediately following the close of that reporting period. I.C. 6-2.5-6-1(c).

      iii. If the merchant uses a fiscal year or fiscal quarter for purposes of reporting his gross income tax or other like tax, he may report and pay his gross retail and use taxes over his fiscal period that corresponds to the calendar year period the merchant is permitted to use under the above section. I.C. 6-2.5-6-1(d).

      iv. If the retail merchant files combined sales and withholding tax reports, the reporting period for the combined report is the shortest period under I.C. 6-2.5-6-1, I.C. 6-3-4-8 or I.C. 6-3-4-8.1.

   b. Time for filing.

      i. If the person's average monthly gross retail and use tax liability during the preceding calendar year did not exceed $1,000, the return shall be filed and the payment made not more than thirty (30) days after the end of that month. I.C. 6-2.5-6-1(a).

      ii. If the person's average monthly gross retail and use tax liability during the preceding calendar year exceeded $1,000, the return shall be filed and the payment made not more than twenty (20) days after the end of that month. I.C.
iii. If the person files a combined sales and withholding tax report and he is required by statute to file tax reports within twenty (20) days after the end of each month, then he shall file the combined report and submit the sales and withholding taxes due within twenty (20) days after the end of each month. I.C. 6-2.5-6-1(b).

c. Special Procedures for Retail Merchants with Large Tax Liability. If the retail merchant's estimated monthly gross retail and use tax liability for the current year or average monthly gross retail and use tax liability for the preceding year (as determined by the department) exceeds ten thousand dollars ($10,000), the merchant shall pay his monthly gross retail and use taxes by electronic fund transfer or by delivering a cashier's check, certified check or money order to the department in person or by overnight courier. I.C. 6-2.5-6-1(f).

d. Accounting Method. If a retail merchant uses the accrual basis to pay and report his gross income tax or other like tax, he may, without prior department approval, report and pay his gross retail and use taxes on an accrual basis. The department has the power to require the merchant to stop using the accrual basis at any time. I.C. 6-2.5-6-2.

e. Consolidated Returns. If a retail merchant, wholesaler, or manufacturer holds multiple certificates under IC 6-2.5-8 in order to make retail transactions at more than one (1) store or location, the retail merchant may apply for departmental permission to file a consolidated state gross retail and use tax return for all those stores and locations. If the department allows the consolidated filing, the retail merchant, wholesaler, or manufacturer must keep sufficient records to allow the department to determine the separate state gross retail and use tax liability for each store or location and to show any information that the department requires on the consolidated return. I.C. 6-2.5-6-3.

f. When periodic payments required. A retail merchant may be required to make period deposits of his collections and to file informational returns during his reporting period if the department feels that the merchant is not properly collecting, reporting, or paying the state gross retail and use taxes. I.C. 6-2.5-6-4.

2. Cessation of responsibility. If a retail merchants stops doing the kind of business which would require him to file returns and make payments with respect to gross retail and use tax, he shall file a final return with the department no later than one month after the date the business stops. I.C. 6-2.5-6-5.

3. Coordination with gross income tax - when possible the department shall coordinate the reporting and payment of gross retail and use taxes with the reporting and payment of the gross income tax. I.C. 6-2.5-6-6.

4. Collection allowance - to compensate retail merchants for collecting and timely remitting state gross retail and use tax, the merchant is allowed to deduct and retain from his tax liability an allowance equal to one percent (1%) of his gross retail and use tax liability during the reporting period. Power subsidies, public utilities, telephone utilities, and telegraph utilities are not entitled to the collection allowance. I.C. 6-2.5-6-10.

5. Deduction for extending assistance - a retail merchant who extends assistance under a home energy assistance program (I.C. 12-14-11) may deduct from his gross retail and use tax payment an amount equal to all or part of the aggregate assistance extended. I.C. 6-2.5-6-11.

6. Requirement to post security. If the department feels it necessary to insure the payment of state gross retail or use taxes, it may require a retail merchant to post security for the payment in an amount not to exceed twice the department's estimate of the merchant's quarterly gross retail
and use tax liability. I.C. 6-2.5-6-12.

7. Direct Payment. A retail merchant, manufacturer or wholesaler who is registered to collect gross retail and use taxes may apply to the department and be issued a direct payment permit. The holder of a direct payment permit may issue a direct payment certificate to the retail merchant in lieu of paying the tax. The tax must then be paid directly to the department. The certificate relieves the retail merchant from the responsibility of collecting or remitting the tax on that transaction. The department may revoke a direct payment certificate, without cause, at any time. I.C. 6-2.5-8-9.

D. Penalties.
1. A retail merchant responsible for reporting and remitting gross retail and use taxes holds those taxes in trust for the state and is personally liable to the state for the payment of those taxes plus any penalties and interest attributable to the taxes. An individual who knowingly fails to collect or remit the taxes to the state commits a Class D felony. I.C. 6-2.5-9-3.
2. A retail merchant who offers to assume or absorb part of a customer's state gross retail or use tax on a sale or to refund part of a customer's state gross retail or use tax as part of a sale commits a Class B infraction. I.C. 6-2.5-9-4.
3. A person who fails to remit all or part of the gross retail or use tax due as the result of the purchase of a vehicle, aircraft or watercraft commits a Class A misdemeanor. I.C. 6-2.5-9-6.
4. Failure to keep tax records open for inspection by the department is a Class D felony. I.C. 6-2.5-9-8(a).
5. A person who makes false entries in a tax record or keeps more than one set of tax records with the intent to draft the state or evade remittance of the tax commits a Class D felony. I.C. 6-2.5-9-8(b).

E. Distribution of Collected Taxes.
1. The department shall account for all gross retail and use taxes it collects. I.C. 6-2.5-10-1(a).
2. The taxes collected shall be deposited and paid as follows:
   a. Forty percent (40%) to the property tax replacement fund.
   b. Fifty-nine and three-hundredths percent (59.03%) to the state general fund.
   c. Seventy-six hundredths of one percent (.76%) to the public mass transportation fund.
   d. Four-hundredths of one percent (.04%) to the industrial rail service fund.
   e. Seventeen-hundredths of one percent (17%) to the commuter rail service fund. I.C. 6-2.5-10-1(b).

F. Application of Gross Income Tax Law to the Collection of Sales and Use Tax Law.
1. The provisions of the gross income tax law (I.C. 6-2.1) which do not conflict with I.C. 6-2.5 and which deal with the notification, assessment, collection and remittance of tax liability apply for purposes of collecting the state gross retail and use taxes. I.C. 6-2.5-10-2.

G. Simplified Sales and Use Tax Administration Act.
1. The state of Indiana has taken steps toward simplifying the sales and use tax system currently in place by authorizing participation in an initiative entitled the Streamlined Sales Tax Project. The project was created by and is comprised of participating governments of the fifty United States and the District of Columbia for the purpose of developing measures to design, test and implement a simplified sales and use tax system. See: Structure and Operating Rules of the Streamlined Sales Tax Project.
2. The Simplified Sales and Use Tax Administration Act (I.C. 6-2.5-11-5) is evidence of the state's commitment to participate in the project as shown by its findings:
   a. The general assembly has found that a simplified sales and use tax system would reduce and eventually eliminate the burden and cost for all vendors to collect the state's sales and use tax.
b. The legislature has recommended that the state participate in multi-state discussions to review, amend, or review and amend the terms of the current proposed agreement to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance for all sellers and all types of commerce. I.C. 6-2.5-11.3.

c. The general assembly has authorized the department of state revenue to:
   i. enter into such an agreement with one or more states;
   ii. act jointly with other states that are members of the agreement to establish standards for certification of certified service providers and certified automated systems and to establish performance standards for multistate sellers;
   iii. to take other actions reasonably required to implement such an agreement;
   iv. to adopt rules and to procure jointly with other states goods and services in furtherance of the cooperative agreement; and
   v. to represent the state of Indiana before the other states that have signed the agreement. I.C. 6-2.5-11-5.

3. The agreement referred to is the Streamlined Sales and Use Tax Agreement. A copy of the actual agreement, along with a list of participating states, an update on the project's status, a timeline for the project and many other details can be viewed by visiting the project's web site at http://www.geocities.com/streamlined2000/.