

Indiana Department of Revenue

Financial Institution Data Matching

Roy D. Gabriel, CIO



Indiana's Approach

- **Tax Amnesty and the Review of Collection Process**
- **Enhance the Collection Tools and Options**
- **Expand the use of existing Data Match use for Child Support**
- **Develop legislation to support DOR efforts**
- **Amend new legislation to existing statutes governing DOR**



Indiana Legislation Highlights

Uncollected tax warrants; action by department

- **Sec. 8. After a tax warrant becomes a judgment the department may take any of the following actions without judicial proceedings:**
 - **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.**
 - **Upon receipt of a claim under this subdivision, the financial institution shall surrender to the department the taxpayer's property.**
 - **If the taxpayer's property exceeds the amount owed to the state by the taxpayer, the financial institution shall surrender the taxpayer's property in an amount equal to the amount owed.**
 - **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.**



Indiana Legislation Highlights

IC 6-8.1-8-8.7

Data match system; financial institutions

- The department shall operate a data match system with each financial institution doing business in Indiana.
- Each financial institution doing business in Indiana shall provide information to the department on all individuals:
 - Who hold one (1) or more accounts with the financial institution; and
 - Upon whom a levy may be issued by the department or a county treasurer.
- Financial Institutions are provided some protection in the statute for debt due them by account owners



Indiana Legislation Highlights

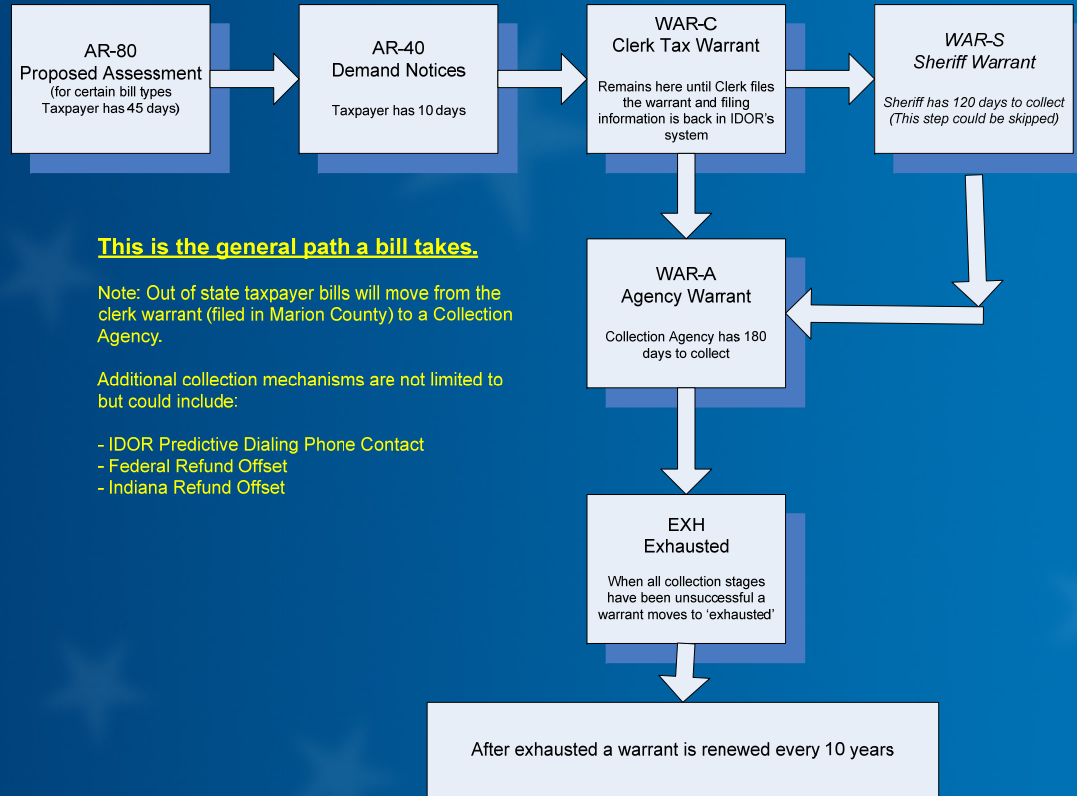
- A person or an entity that is acting on behalf of the department is not liable for any action taken in good faith to collect the state's levy
- unless:
 - (1) the action is contrary to the department's direction to the person or entity; or
 - (2) for information provided under this section, the person or entity acts with:
 - (A) deliberate ignorance of the truth or falsity of the information; or
 - (B) reckless disregard for the truth or falsity of the information.
- The department or its agents shall pay a financial institution performing the data match required by this section a reasonable fee, as determined by the department, of at least five dollars (\$5) for each levy issued to the financial institution.
- A Taxpayer can claim reimbursement for any charges that were incurred by the taxpayer as a result of an erroneous levy



Indiana Production Processes



Indiana Department of Revenue General Billing Path



This is the general path a bill takes.

Note: Out of state taxpayer bills will move from the clerk warrant (filed in Marion County) to a Collection Agency.

Additional collection mechanisms are not limited to but could include:

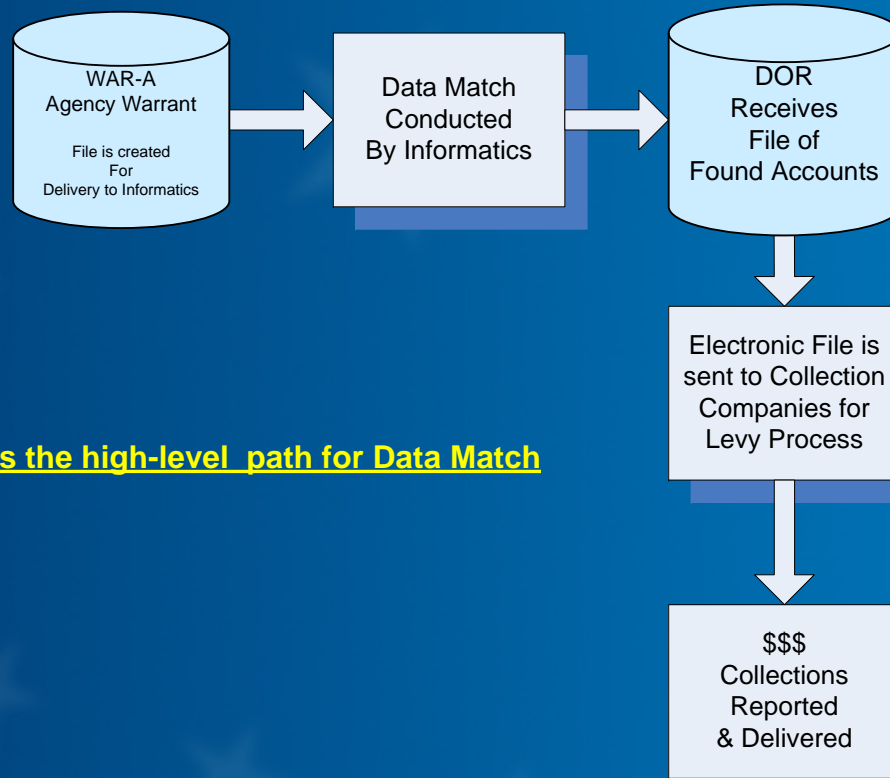
- IDOR Predictive Dialing Phone Contact
- Federal Refund Offset
- Indiana Refund Offset



Indiana Production Processes



Indiana Department of Revenue Data Match Path



This is the high-level path for Data Match



Other Highlights

- **Collection Companies under contract share the cost of Data Match and reimburse the State**
- **No major issues and/or complaints**
- **Levying Both businesses and individuals**
 - **Including responsible officers**
- **Multiple Collection Companies are being used**



Detail Language – For Your Review

IC 6-8.1-8-8.7

Data match system; financial institutions

Sec. 8.7. (a) The department shall operate a data match system with each financial institution doing business in Indiana.

(b) Each financial institution doing business in Indiana shall provide information to the department on all individuals:

- (1) who hold one (1) or more accounts with the financial institution; and
- (2) upon whom a levy may be issued by the department or a county treasurer.

(c) To provide the information required under subsection (b), a financial institution shall do one (1) of the following:

(1) Identify individuals by comparing records maintained by the financial institution with records provided by the department by:

- (A) name; and
- (B) either:
 - (i) Social Security number; or
 - (ii) tax identification number.

(2) Comply with IC 31-25-4-31(c)(2). The child support bureau established by IC 31-25-3-1 shall regularly make reports submitted under IC 31-25-4-31(c)(2) accessible to the department or its agents for use only in tax judgment and levy administration.

(d) The information required under subsection (b) must:

- (1) be provided on a quarterly basis; and
- (2) include the:
 - (A) name;
 - (B) address of record; and
 - (C) either:

- (i) the Social Security number; or
- (ii) tax identification number;

of individuals identified under subsection (b).



Detail Language - continued

(e) When the department determines that the information required under subsection (d)(2) is identical for an individual who holds an account with a financial institution and an individual against whom a levy may be issued by the department or a county treasurer, the department or its agents shall provide a notice of the match, in compliance with section 4 of this chapter, if action is to be initiated to levy or encumber the account.

(f) This section does not preclude a financial institution from exercising its right to:

(1) charge back or recoup a deposit to an account; or

(2) set off from an account held by the financial institution in which the individual has an interest in any debts owed to the financial institution that existed before:

(A) the state's levy; and

(B) notification to the financial institution of the levy.

(g) A financial institution ordered to block or encumber an account under this section is entitled to collect its normally scheduled account activity fees to maintain the account during the period the account is blocked or encumbered.

(h) All information provided by a financial institution under this section is confidential and is available only to the department or its agents for use only in levy collection activities.

(i) A financial institution providing information required under this section is not liable for:

(1) disclosing the required information to the department or the child support bureau established by IC 31-25-3-1;

(2) blocking or surrendering an individual's assets in response to a levy imposed under this section by:

(A) the department; or

(B) a person or an entity acting on behalf of the department; or

(3) any other action taken in good faith to comply with this section.

(j) A person or an entity that is acting on behalf of the department is not liable for any action taken in good faith to collect the state's levy under this section unless:

(1) the action is contrary to the department's direction to the person or entity; or

(2) for information provided under this section, the person or entity acts with:

(A) deliberate ignorance of the truth or falsity of the information; or

(B) reckless disregard for the truth or falsity of the information.



Detail Language - continued

(k) The department or its agents shall pay a financial institution performing the data match required by this section a reasonable fee, as determined by the department, of at least five dollars (\$5) for each levy issued to the financial institution.

(l) This section does not prevent the department or its agents from encumbering an obligor's account with a financial institution by any other remedy available under the law.

As added by P.L.226-2007, SEC.2. Amended by P.L.138-2008, SEC.1.



Thank You

Questions?

