

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 500 be amended to read as follows:

- 1 Page 46, between lines 18 and 19, begin a new paragraph and insert:
- 2 "SECTION 30. IC 6-3-4-8 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. (a) Except as
- 4 provided in subsection (d) or (l), every employer making payments of
- 5 wages subject to tax under this article, regardless of the place where
- 6 such payment is made, who is required under the provisions of the
- 7 Internal Revenue Code to withhold, collect, and pay over income tax
- 8 on wages paid by such employer to such employee, shall, at the time of
- 9 payment of such wages, deduct and retain therefrom the amount
- 10 prescribed in withholding instructions issued by the department. The
- 11 department shall base its withholding instructions on the adjusted gross
- 12 income tax rate for persons, on the total rates of any income taxes that
- 13 the taxpayer is subject to under IC 6-3.5, and on the total amount of
- 14 exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and
- 15 IC 6-3-1-3.5(a)(4). Such employer making payments of any wages:
- 16 (1) shall be liable to the state of Indiana for the payment of the tax
- 17 required to be deducted and withheld under this section and shall
- 18 not be liable to any individual for the amount deducted from the
- 19 individual's wages and paid over in compliance or intended
- 20 compliance with this section; and
- 21 (2) shall make return of and payment to the department monthly
- 22 of the amount of tax which under this article and IC 6-3.5 the
- 23 employer is required to withhold.
- 24 (b) An employer shall pay taxes withheld under subsection (a)

1 during a particular month to the department no later than thirty (30)
 2 days after the end of that month. However, in place of monthly
 3 reporting periods, the department may permit an employer to report and
 4 pay the tax for:

5 (1) a calendar year reporting period, if the average monthly
 6 amount of all tax required to be withheld by the employer in the
 7 previous calendar year does not exceed ten dollars (\$10);

8 (2) a six (6) month reporting period, if the average monthly
 9 amount of all tax required to be withheld by the employer in the
 10 previous calendar year does not exceed twenty-five dollars (\$25);

11 or

12 (3) a three (3) month reporting period, if the average monthly
 13 amount of all tax required to be withheld by the employer in the
 14 previous calendar year does not exceed seventy-five dollars (\$75).

15 An employer using a reporting period (other than a monthly reporting
 16 period) must file the employer's return and pay the tax for a reporting
 17 period no later than the last day of the month immediately following
 18 the close of the reporting period. If an employer files a combined sales
 19 and withholding tax report, the reporting period for the combined
 20 report is the shortest period required under this section, section 8.1 of
 21 this chapter, or IC 6-2.5-6-1.

22 (c) For purposes of determining whether an employee is subject to
 23 taxation under IC 6-3.5, an employer is entitled to rely on the statement
 24 of an employee as to the employee's county of residence as represented
 25 by the statement of address in forms claiming exemptions for purposes
 26 of withholding, regardless of when the employee supplied the forms.
 27 Every employee shall notify the employee's employer within five (5)
 28 days after any change in the employee's county of residence.

29 (d) A county that makes payments of wages subject to tax under this
 30 article:

31 (1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

32 (2) for the performance of the duties of the precinct election
 33 officer imposed by IC 3 that are performed on election day;

34 is not required, at the time of payment of the wages, to deduct and
 35 retain from the wages the amount prescribed in withholding
 36 instructions issued by the department.

37 (e) Every employer shall, at the time of each payment made by the
 38 employer to the department, deliver to the department a return upon the
 39 form prescribed by the department showing:

40 (1) the total amount of wages paid to the employer's employees;

41 (2) the amount deducted therefrom in accordance with the
 42 provisions of the Internal Revenue Code;

43 (3) the amount of adjusted gross income tax deducted therefrom
 44 in accordance with the provisions of this section;

45 (4) the amount of income tax, if any, imposed under IC 6-3.5 and
 46 deducted therefrom in accordance with this section; and

1 (5) any other information the department may require.
2 Every employer making a declaration of withholding as provided in this
3 section shall furnish the employer's employees annually, but not later
4 than thirty (30) days after the end of the calendar year, a record of the
5 total amount of adjusted gross income tax and the amount of each
6 income tax, if any, imposed under IC 6-3.5, withheld from the
7 employees, on the forms prescribed by the department.

8 (f) All money deducted and withheld by an employer shall
9 immediately upon such deduction be the money of the state, and every
10 employer who deducts and retains any amount of money under the
11 provisions of this article shall hold the same in trust for the state of
12 Indiana and for payment thereof to the department in the manner and
13 at the times provided in this article. Any employer may be required to
14 post a surety bond in the sum the department determines to be
15 appropriate to protect the state with respect to money withheld pursuant
16 to this section.

17 (g) The provisions of IC 6-8.1 relating to additions to tax in case of
18 delinquency and penalties shall apply to employers subject to the
19 provisions of this section, and for these purposes any amount deducted
20 or required to be deducted and remitted to the department under this
21 section shall be considered to be the tax of the employer, and with
22 respect to such amount the employer shall be considered the taxpayer.
23 In the case of a corporate or partnership employer, every officer,
24 employee, or member of such employer, who, as such officer,
25 employee, or member is under a duty to deduct and remit such taxes,
26 shall be personally liable for such taxes, penalties, and interest.

27 (h) Amounts deducted from wages of an employee during any
28 calendar year in accordance with the provisions of this section shall be
29 considered to be in part payment of the tax imposed on such employee
30 for the employee's taxable year which begins in such calendar year, and
31 a return made by the employer under subsection (b) shall be accepted
32 by the department as evidence in favor of the employee of the amount
33 so deducted from the employee's wages. Where the total amount so
34 deducted exceeds the amount of tax on the employee as computed
35 under this article and IC 6-3.5, the department shall, after examining
36 the return or returns filed by the employee in accordance with this
37 article and IC 6-3.5, refund the amount of the excess deduction.
38 However, under rules promulgated by the department, the excess or any
39 part thereof may be applied to any taxes or other claim due from the
40 taxpayer to the state of Indiana or any subdivision thereof. No refund
41 shall be made to an employee who fails to file the employee's return or
42 returns as required under this article and IC 6-3.5 within two (2) years
43 from the due date of the return or returns. In the event that the excess
44 tax deducted is less than one dollar (\$1), no refund shall be made.

45 (i) This section shall in no way relieve any taxpayer from the
46 taxpayer's obligation of filing a return or returns at the time required

1 under this article and IC 6-3.5, and, should the amount withheld under
 2 the provisions of this section be insufficient to pay the total tax of such
 3 taxpayer, such unpaid tax shall be paid at the time prescribed by
 4 section 5 of this chapter.

5 (j) Notwithstanding subsection (b), an employer of a domestic
 6 service employee that enters into an agreement with the domestic
 7 service employee to withhold federal income tax under Section 3402
 8 of the Internal Revenue Code may withhold Indiana income tax on the
 9 domestic service employee's wages on the employer's Indiana
 10 individual income tax return in the same manner as allowed by Section
 11 3510 of the Internal Revenue Code.

12 (k) To the extent allowed by Section 1137 of the Social Security
 13 Act, an employer of a domestic service employee may report and remit
 14 state unemployment insurance contributions on the employee's wages
 15 on the employer's Indiana individual income tax return in the same
 16 manner as allowed by Section 3510 of the Internal Revenue Code.

17 (l) The department shall adopt rules under IC 4-22-2 to exempt an
 18 employer from the duty to deduct and remit from the wages of an
 19 employee adjusted gross income tax withholding that would otherwise
 20 be required under this section whenever:

- 21 (1) an employee has at least one (1) qualifying child, as
- 22 determined under Section 32 of the Internal Revenue Code;
- 23 (2) the employee is eligible for an earned income tax credit under
- 24 IC 6-3.1-21;
- 25 (3) the employee elects to receive advance payments of the earned
- 26 income tax credit under IC 6-3.1-21 from money that would
- 27 otherwise be withheld from the employee's wages for adjusted
- 28 gross income taxes; and
- 29 (4) the amount that is not deducted and remitted is distributed to
- 30 the employee, in accordance with the procedures prescribed by
- 31 the department, as an advance payment of the earned income tax
- 32 credit for which the employee is eligible under IC 6-3.1-21.

33 The rules must establish the procedures and reports required to carry
 34 out this subsection.

35 (m) A person who knowingly fails to remit trust fund money as set
 36 forth in this section commits a Class D felony.

37 **(n) An employer who is required under subsection (a) to**
 38 **withhold income tax from payments of wages shall verify that an**
 39 **employee who claims exemptions for more than two (2) individuals**
 40 **under IC 6-3-1-3.5(a)(3), IC 6-3-1-3.5(a)(4)(A),**
 41 **IC 6-3-1-3.5(a)(4)(C), and the withholding instructions issued by**
 42 **the department under subsection (a) is entitled to claim exemptions**
 43 **for more than two (2) individuals. Unless an employer knows an**
 44 **employee's representations are false, the requirement of this**
 45 **subsection is satisfied if the employer obtains from the employee a**
 46 **copy of one (1) of the following for each additional individual for**

- 1 **whom the employee claims an exemption:**
 2 **(1) A birth certificate.**
 3 **(2) A Social Security card.**
 4 **(3) A marriage license.**
 5 **(4) A driver's license or state issued identification card.**
 6 **(5) A federal document establishing lawful permanent**
 7 **residence or naturalization.**
 8 **(6) A passport.**
 9 **(7) A court order establishing paternity.**
 10 **(o) An employer commits a Class A misdemeanor if the**
 11 **employer knowingly:**
 12 **(1) pays wages to an employee who has claimed more than**
 13 **two (2) income tax withholding exemptions;**
 14 **(2) either:**
 15 **(A) fails to verify the employee's claimed withholding**
 16 **exemptions as required by subsection (n); or**
 17 **(B) accepts a document described in subsection (n) for**
 18 **verification of the employee's claimed withholding**
 19 **exemptions that is false or fictitious; and**
 20 **(3) withholds less income tax from the payment of wages to**
 21 **the employee than required by the withholding instructions**
 22 **issued by the department.**
 23 **(p) An employee commits a Class A misdemeanor if the**
 24 **employee knowingly furnishes to an employer a document**
 25 **described in subsection (n) that is false or fictitious for the purpose**
 26 **of claiming more income tax withholding exemptions than the**
 27 **employee is entitled to claim under the withholding instructions**
 28 **issued by the department."**
 29 Page 71, between lines 9 and 10, begin a new paragraph and insert:
 30 "SECTION 58. [EFFECTIVE JANUARY 1, 2008] **IC 6-3-4-8, as**
 31 **amended by this act, applies to taxable years beginning after**
 32 **December 31, 2007."**
 33 Renumber all SECTIONS consecutively.
 (Reference is to ESB 500 as printed April 3, 2007.)

Representative Ulmer