
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
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TO: All Railroad Car Companies
FROM: Barry Wood, Assessment Division Director
RE: Instructions for Completing the Report of Railcar Tax
DATE: November 15, 2023

PLEASE NOTE: This memorandum is simply intended to be informative and does not take the place of Indiana law. In the event any part of this memorandum conflicts with Indiana law, Indiana law governs.

The Railroad Car Company Tax Worksheet (RC-1 Report of Railcar Tax) is to be completed by all railroad car companies. Please read all of the instructions before completing the worksheet as the form is modified each year.

Who Must File

Any individual, partnership, corporation, or any other business entity operating as a railroad car company must file this report. A railroad car company is defined by Ind. Code § 6-1.1-8-2 as “a company (other than a railroad company) which owns or operates cars for the transportation of property on railroads.”

When To File

The report must be filed, by statute, on or before July 1 (Ind. Code § 6-1.1-8-19). If July 1 falls on a weekend, the due date will be the following Monday. Extensions beyond the July 1 deadline will be granted only in the most extraordinary of circumstances and requests must be made in writing at least five (5) days prior to the due date. *Failure to file the Report by the due date will result in a penalty of \$100 a day for every day the report is late. Not to exceed \$1,000. (Ind. Code § 6-1.1-8-20).* Non-filers will be subject to the same penalty, which will be strictly enforced.

Where To File

The worksheet and any supporting documents should be mailed to:

Department of Local Government Finance
Assessment Division/Utility Specialist
100 North Senate Ave., Room IGCN 1058
Indianapolis, IN 46204
Phone: (317) 232-3756
Email: Utilities@dlgf.in.gov

Tentative Assessment and Appeal Rights

Railroad car companies' indefinite-situs distributable property is assessed on the basis of the average number of cars owned or used by the company within the State of Indiana during the twelve (12) months of the calendar year preceding the year of assessment. The average number of cars within the State is a proportion computed by averaging the percentage of Indiana mileage to total mileage and Indiana gross earnings to total gross earnings (Ind. Code § 6-1.1-8-12).

An Order notifying each railroad company of its tentative assessment will be mailed on or before September 1 (Ind. Code § 6-1.1-8-28(b)).

Not later than ten (10) days after the taxpayer receives notice of the Department of Local Government Finance's ("Department") tentative assessment, the taxpayer may:

- file with the Department its objections to the tentative assessment; and
- request that the Department hold a preliminary conference on the tentative assessment (Ind. Code § 6-1.1-8-28(c)).

Any appeal should be made in writing and state the nature of the objections.

If the taxpayer does not file a timely, written appeal, the tentative assessment is considered final.

However, the assessment may still be appealed to the Indiana Board of Tax Review (Ind. Code § 6-1.1-8-28(d)).

The taxpayer must initiate the appeal in writing with the Indiana Board of Tax Review within forty-five (45) days after receiving notice of the tentative assessment if that tentative assessment becomes final due to the taxpayer's failure to timely file an objection with the Department or not later than forty-five (45) days after the Department gives notice of its final determination on an objection filed by the taxpayer (Ind. Code § 6-1.1-8-30).

If the taxpayer files a timely appeal and a request for a preliminary conference on the tentative assessment, the Department may hold a preliminary conference at a time and place fixed by the Department. After the conference, the Department will make a final assessment of the taxpayer's distributable property and will notify the taxpayer no later than September 30 (Ind. Code § 6-1.1-8-29).

Payment of Tax

The tax on a railroad car company's indefinite-situs distributable property is computed on the statewide average property tax rate (Ind. Code § 6-1.1-8-35). The Department will handle the billing and the Indiana Department of Revenue will handle the collection of the taxes due. The tax shall be mailed and paid to the Indiana Department of Revenue on or before December 31 of the year the assessment is made. If a railroad car company does not pay the tax when it is due, the company shall pay a penalty, in addition to the tax, equal to twenty-five percent (25%) of the delinquent tax.

INSTRUCTIONS FOR COMPLETING THE WORKSHEET

You must fill out the form completely to receive credit for timely filing. If you simply attach worksheets in lieu of properly filing the form, your report may be returned to you as an incomplete filing. This could result in penalties per Ind. Code § 6-1.1-8-20.

Car Mark Reported

You must indicate what car marks you are reporting on this return and indicate whether or not you have included all mileage for this car mark. The Department must account for all mileage and the car mark provides the most expedient route for comparing mileage reported. If a car mark is not reported, information on that mark will be sought from the Official Railway Equipment Register or www.railinc.com using the Umler Contact list. Please verify that your information is up to date in both publications to avoid any possible misunderstandings or miscommunications.

Allocation Factors

The allocation factors on lines 3, 6, and 7 should be rounded to six (6) decimal places. Example: 2.4934% or 0.024934.

If you do not earn income on your railroad cars, please enter "NA" on lines 1 through 3. The mileage percentage will then be used as the Indiana allocation percentage. In other words, lines 6 and 7 should be the same.

If you do earn income on your railroad cars, line 7 is the average of lines 3 and 6.

Valuation of Railroad Cars

Page two of the worksheet contains a pooling schedule to be used in valuing railroad cars. The total cost of the railroad cars must be placed into the schedule by the year of acquisition. Total cost is the acquisition cost plus any additions or betterments. A betterment is an addition or change made to the equipment which increases its estimated useful life, its production or efficiency, or changes it to a different use. The betterment shall be capitalized by adding it to the original cost of the asset. If a part is replaced with a similar part, the new part is shown as a new acquisition while the part replaced is deducted from the cost of the asset. The cost of additions, betterments, or replacements is reported in the year the actual expenditure occurred.

The depreciated value shall be the total cost multiplied by the percentage in the percent good factor column. You must fill out the top portion of page two. Attachments are not acceptable unless they utilize the same exact format as the Department's form. If you do not comply, your form may be returned to you and you may be subject to a penalty unless you comply in a timely manner.

The total fleet value on line 10 of page two should be carried to line 8 of page one.

The Indiana assessed value will be calculated by taking the Indiana fleet value (line 12) and rounding to the nearest ten dollars (\$10).

Idle Car Allowance

An idle car allowance of up to twenty percent (20%) may be claimed for those cars in the fleet that are inoperable due to the four (4) categories listed in the idle car allowance section of the worksheet. You must complete the idle car allowance section at the time of original filing to claim the idle car adjustment.

The idle car allowance (line 9 of page 1) is calculated by multiplying the idle car percentage (line 7 of the idle car allowance calculation on page 2) by the total fleet value (line 8 of page 1).

Indiana Mileage Reported by Railroad

You must break down your mileage by railroad reported so that the Department may better compare the miles reported by the railroad companies with the miles that you have reported. If you report more than one car mark, it would be helpful if you breakdown the mileage by car mark. If you are reporting for a railroad not pre-printed on the return, fill in the name of the railroad(s) and the mileage.

Maintenance Credit

You may qualify for a special maintenance credit as set forth in Ind. Code § 6-1.1-8.2-4 through Ind. Code § 6-1.18.2-6 if you have had repairs completed in the State of Indiana and report this information in your original timely-filed return. The worksheet for this credit is on page four of the RC-1 form, along with detailed instructions. If you do not report all mileage at the time of the

original filing, your credit may be less. Please note: your credit may be reduced proportionally if the credit applied for by all timely filed railcar companies exceeds \$2,800,000 per Ind. Code § 6-1.1-8.2-5(b).

If you have any questions, please contact Julie Waddell at (317) 232-3765 or utilities@dlgf.in.gov.