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DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0086
Individual Income Tax
Calendar Years 1997 and 1998

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ISSUE(S)

I. **Individual Income Tax** – Understatement of gross business receipts

Authority: 45 IAC 3.1-1-2

Taxpayer protests the audit assessment

STATEMENT OF FACTS

Taxpayer failed to show for a hearing scheduled for Wednesday, September 26, 2001. The determination is made based upon information contained in the audit file and taxpayer's protest letters dated November 15, 2000 and May 22, 2001. The Department returned the file to the auditor on June 22, 2001 to obtain additional information. No additional information was provided to the auditor and the file was returned to the Legal Division.

Taxpayer is a co-owner of a retail operation that repairs office and copy equipment as well as the sale of related supplies. Records examined include state and federal income tax returns for 1997 and 1998, Schedule C's, bank statements and cancelled checks (where available), and the general ledger for 1998. No ledgers were made available for 1997. Although the average monthly receipts totaled in excess of fifteen thousand dollars ($15,000), the auditor chose to utilize a lessor amount of five thousand dollars ($5,000) for several missing deposit slips.

According to Audit, the taxpayer understated its business receipts in calendar year 1997. Taxpayer states it may have records to verify that the amounts included by audit also include monies loaned them. To date, neither proof nor additional information has been provided the auditor or the hearing officer.

On June 22, 2001 the file was returned to the auditor because the taxpayer stated that it had additional information to negate a portion of the assessment. On August 15, 2001 the auditor returned the file to the Legal Division without resolution.

I. Individual Income Tax – Understatement of gross business receipts

DISCUSSION

Taxpayer's letters dated November 15, 2000 and May 22, 2001 states it does not owe what the department determined and it will have information with the detailed correct information. Taxpayer, however, did not provide documentation or reasons for its belief that the assessment is in error.

FINDING

Taxpayer's protest is denied.

DW/RAW/MR/dw 012012