

Supplemental Letter of Findings: 08-0589
Indiana Corporate Income Tax
For the Tax Year 2005

NOTICE: Under IC § 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of the document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE

I. Adjusted Gross Income Tax—Imposition.

Authority: IC § 6-3-2-2; IC § 6-8.1-5-1; Lafayette Square Amoco, Inc. v. Indiana Dep't of Revenue, 867 N.E.2d 289 (Ind. Tax Ct. 2007).

Taxpayer protests the imposition of adjusted gross income tax.

STATEMENT OF FACTS

Taxpayer consists of several life insurance and non-life insurance entities. For the 2004 and 2005 tax years, Taxpayer filed a consolidated Indiana adjusted gross income tax return to report its income from Indiana activities for all of its non-life insurance entities. For these years, Taxpayer also filed an Indiana adjusted gross income tax return for one of its domestic life insurance entities ("Entity A"). Taxpayer had another domestic life re-insurance entity ("Entity B") that was not included on any tax filing in Indiana for the 2004 tax year, but did file an Insurance Premiums Tax return for the 2005 tax year. After an audit, the Indiana Department of Revenue ("Department") issued proposed assessments for additional adjusted gross income tax for the 2004 and 2005 tax years. Taxpayer protested the assessment. An administrative hearing was held, and a Letter of Findings ("LOF") was issued denying Taxpayer's protest of tax assessment and ordering a supplement audit of the 2005 tax year. Taxpayer requested and was granted a rehearing for the tax assessment from the supplemental audit for the 2005 tax year. A rehearing was held, and this Supplemental Letter of Findings results. Further facts will be supplied as required.

I. Adjusted Gross Income Tax—Imposition.

DISCUSSION

Pursuant to IC § 6-8.1-5-1(c), all tax assessments are presumed accurate, and the taxpayer bears the burden of proving that an assessment is incorrect. Lafayette Square Amoco, Inc. v. Indiana Dep't of Revenue, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007).

Taxpayer protests the Department's determination that Taxpayer's adjusted gross income for the 2005 tax year should be calculated under an alternative method under IC § 6-3-2-2(l) and (m) to fairly reflect the Taxpayer's adjusted gross income. Taxpayer maintains that the Department's findings that the Taxpayer's filing method resulted in distortion and that the Department's filing method resulted in a fairer reflection of Indiana source income were not supported—or were based upon misleading or incorrect statements made in the report.

Based upon Taxpayer's additional information as reviewed by the Department, the Taxpayer has met its burden of supporting its argument that the Taxpayer's adjusted gross income for the 2005 tax year should be figured under the standard filing method.

FINDING

Taxpayer's protest is sustained.

Posted: 01/27/2010 by Legislative Services Agency

An [html](#) version of this document.