

DEPARTMENT OF STATE REVENUE

02-20110372P.LOF

Letter of Findings Number: 02-20110372P
Corporate Income Tax
For the Tax Years 2005-2007

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 It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register.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 this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE**I. Tax Administration—Penalties.**

Authority: IC § 6-3-4-4.1.

Taxpayer protests the imposition of the ten percent underpayment penalties.

STATEMENT OF FACTS

Taxpayer is a C corporation with several subsidiaries operating in Indiana. The Indiana Department of Revenue ("Department") assessed penalties for failure to make sufficient quarterly estimated tax payments for the 2005, 2006, and 2007 tax years. Taxpayer protested the penalty assessments, and this Letter of Findings ensues.

I. Tax Administration—Penalties.**DISCUSSION**

Taxpayer protests the imposition of the ten percent penalties imposed pursuant to IC § 6-3-4-4.1(d).

IC § 6-3-4-4.1(d) provides in relevant part:

The penalty prescribed by [IC 6-8.1-10-2.1](#)(b) shall be assessed by the department on corporations failing to make payments as required in subsection (c) or (f). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

- (1) the annualized income installment calculated under subsection (c); or
- (2) twenty-five percent (25 [percent]) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25 [percent]) of the corporation's final adjusted gross income tax liability for such taxable year.

Taxpayer provided sufficient documentation demonstrating that the imposition of the underpayment penalties is not appropriate.

FINDING

Taxpayer's protest is sustained.

Posted: 10/26/2011 by Legislative Services Agency

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