

Memorandum of Decision: 02-20190900R
Corporate Income Tax
For Tax Year 2014

NOTICE: IC § 4-22-7-7 permits the publication of this document in the Indiana Register. The publication of this document provides the general public with information about the Indiana Department of Revenue's official position concerning a specific set of facts and issues. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Memorandum of Decision.

HOLDING

Corporation's 2014 refund claim was filed within the statutory time period, thus the Department's refund denial was improper.

ISSUE

I. Corporate Income Tax - Refund Statute of Limitations.

Authority: IC § 6-8.1-9-1; IC §6-8.1-6-1; Income Tax Information Bulletin #15 (August 2014); 2014 Indiana IT-20 Corporate Income Tax Booklet.

Taxpayer protests the Department's refund denial.

STATEMENT OF FACTS

Taxpayer is a corporation doing business in Indiana. Taxpayer filed an extension (Form 7004) for its 2014 federal corporate income tax return (1120), effectively extending the due date for that return from March 15, 2015 to September 15, 2015. Taxpayer filed its 2014 Indiana corporate income tax return ("IT-20") on August 28, 2015. On October 12, 2018 Taxpayer amended its 2014 IT-20 ("IT-20X"), resulting in a refund claim of approximately \$230,000. The Indiana Department of Revenue ("Department") denied Taxpayer's refund claim for being filed outside the three year statute of limitations. Taxpayer protested and an administrative hearing was held. This Memorandum of Decision results. Additional facts will be supplied as necessary.

I. Corporate Income Tax - Refund Statute of Limitations.

DISCUSSION

Taxpayer filed an IT-20X claiming a refund of approximately \$230,000 for the tax year 2014. The Department denied Taxpayer's refund on the basis that Taxpayer failed to file its IT-20X within the three year statute of limitations.

Under IC § 6-8.1-9-1(a) (as in effect for the year at issue):

If a person has paid more tax than the person determines is legally due for a particular taxable period, the person may file a claim for a refund with the department. . . . [I]n order to obtain the refund, the person must file the claim with the department within three (3) years after the latter of the following:

- (1) The due date of the return.
- (2) The date of payment.

This case turns on the determination of the due date of the return. Without an extension, Taxpayer's 1120 would have been due March 15, 2015 and the IT-20 would have been due April 15, 2015. The claim for refund would then have been due by April 15, 2018. However, with the extension, Taxpayer's 1120 was due September 15, 2015, and the IT-20 was due October 15, 2015. The refund claim was accordingly due October 15, 2018.

According to IC §6-8.1-6-1(c)(as in effect for 2014):

If the Internal Revenue Service allows a person an extension on his federal income tax return, the corresponding due dates for the person's Indiana income tax returns are automatically extended for the same period as the federal extension, plus thirty (30) days.

This policy was reiterated in the 2014 Indiana IT-20 Corporate Income Tax Booklet (page 13):

The [D]epartment accepts the federal extension of time application (Form 7004) or the federal electronic extension. If you have one, you do not need to contact us before filing your annual return. Returns postmarked within 30 days after the last date indicated on the federal extension are considered timely filed.

Finally, Information Bulletin #15 states:

The [Department] accepts the approved federal Form 7004. . . . It is not necessary to request a separate extension of time to file for Indiana filing purposes if a federal extension has been approved. The Indiana corporation income tax return . . . will be accepted as timely if it is filed within [thirty] days after the expiration date of the federal extension. The federal extension is an automatic [six]-month extension from the original due date. *A copy of the approved federal extension application must be attached to the return.*

20140827 Ind. Reg. 045140322NRA. (*Emphasis added*).

The Department will automatically grant a six month filing extension if a taxpayer is granted such an extension at the federal level. There is no requirement to inform Indiana of the extension prior to filing the Indiana return. Nor is there a requirement to separately request an Indiana extension if the federal extension has been granted. However, when filing the Indiana return, a taxpayer must include a copy of the federal extension application in order to be granted the extension for Indiana filing purposes.

Because Taxpayer did not provide a copy of the approved Form 7004 when it filed its IT-20 the Department used the original IT-20 due dates for the three year measurement. Taxpayer's refund claim was filed on October 12, 2018, which is outside the statute of limitations as measured without an extension. Without proof of extension, Taxpayer's refund claim would be considered late. However, for purposes of the hearing, Taxpayer provided a copy of their Form 7004 proving that they were granted the federal six month filing extension for their 1120. While Taxpayer was wrong in failing to provide a copy of the Form 7004 when they filed their IT-20, they have since proven that, with the extension, the due date for their IT-20 was in fact October 15, 2015 making the due date for filing a refund claim October 15, 2018. Taxpayer's 2014 IT-20X was filed October 12, 2018, therefore Taxpayer's protest is sustained.

FINDING

Taxpayer's protest of the Department's denial of its 2014 refund claim is sustained.

November 26, 2019.

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