

DEPARTMENT OF STATE REVENUE

01-20221053.MOD

**Memorandum of Decision: 01-20221053
Individual Income Tax
For Tax Year 2017**

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 Memorandum of Decision.

HOLDING

Individual's amended Indiana income tax return was timely filed; thus, the refund request was not outside the statute of limitations.

ISSUE

I. Individual Income Tax - Statute of Limitations.

Authority: IC § 6-8.1-9-1; *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); IC § 6-3-4-3; I.R.C. § 7503.

Taxpayer protests the denial of refund.

STATEMENT OF FACTS

Taxpayer is an Indiana resident who timely filed her original 2017, 2018, and 2019 Indiana income tax returns. Taxpayer later filed amended returns for each year. Taxpayer claimed a total refund of \$900, approximately \$300 for each year. The Indiana Department of Revenue ("Department") received and processed the amended returns for 2018 and 2019. Refunds were issued for these two years.

Taxpayer contacted the Department regarding the 2017 amended return and accompanying refund. The Department denied Taxpayer's 2017 refund claim stating it was filed outside the statute of limitations. Taxpayer protested the denial, and the Department held an administrative hearing. This Memorandum of Decision results. Additional facts will be provided as necessary.

I. Individual Income Tax - Statute of Limitations.

DISCUSSION

Taxpayer protests the Department's decision to deny the claim for refund of individual income tax for 2017. The Department based its decision on the expiration of the statute of limitations for filing a claim for refund. Taxpayer protests that she did file within the statute of limitations. The issue, therefore, is whether Taxpayer's request for refund was timely filed.

As a threshold issue, a taxpayer is required to provide documentation explaining and supporting his or her challenge that the Department's position is wrong. "[W]hen [courts] examine a statute that an agency is 'charged with enforcing. . . [courts] defer to the agency's reasonable interpretation of [the] statute even over an equally reasonable interpretation by another party.'" *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579, 583 (Ind. 2014).

IC § 6-8.1-9-1(a) affords a taxpayer a statutory right to file a claim for refund. This statute provides, in part:

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. . . in 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. (**Emphasis added**)

To support her protest, Taxpayer provided copies of her amended return; the USPS mailing receipt for both her

federal and state amended returns; and a detailed list of her email, phone, and fax contacts with various Department employees.

Taxpayer's original 2017 return was filed on March 15, 2018. IC § 6-3-4-3 requires returns to be filed on "the 15th day of the fourth month following the close of the tax year." If April 15 falls on a Saturday, Sunday, or legal holiday, the due date is moved to the next business day. I.R.C. § 7503. Tax returns were due on April 17, 2018, because April 15, 2018, fell on a Sunday and April 16, 2017, fell on "Emancipation Day," a federally recognized "legal holiday" in the District of Columbia. Based on these dates, Taxpayer had until April 17, 2021, to request a refund related to 2017 taxes.

In her protest letter, Taxpayer stated her 2017 amended return was mailed to the Department in the same envelope as the 2018 and 2019 amended returns. The USPS mailing receipt indicates the returns were mailed on April 8, 2021. Taxpayer said she initiated contact with the Department in June 2021 and was told in July 2021 that the 2017 refund had not been processed. Taxpayer had four additional contacts with the Department in August 2021 checking status and faxed the Department a copy of the 2017 amended return on September 21, 2021.

A review of the Department's records confirms Taxpayer's interactions with Department personnel. Further review shows the refund for tax year 2018 was issued on July 6, 2021, and the refund for tax year 2019 was issued on July 23, 2021. Both returns were received and processed timely. There is no notation in the Department's records to indicate that Taxpayer's 2017 amended return was not included in the same envelope as the 2018 and 2019 amended returns.

Considering the Department's records and the documentation provided by Taxpayer, Taxpayer has established that she timely filed her amended return for 2017 and thus timely requested a refund pursuant to IC § 6-8.1-9-1(a). Based on the Department's decision to deny the refund request as being outside the statute of limitations and on the documentation and explanation provided by Taxpayer regarding her amended return filing, Taxpayer's protest is sustained and her refund will be issued.

FINDING

Taxpayer's protest is sustained.

July 6, 2022

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