

Memorandum of Decision: 02-20211035
Corporate Income Tax
For the Tax Year 2016

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

Company provided evidence showing that it timely filed a refund claim within 180 days of IRS modifications.

ISSUE

I. Tax Administration - Statute of Limitations.

Authority: IC § 6-8.1-9-1; IC § 6-3-4-6; *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); IRC § 6405.

Taxpayer protests the denial of a requested Indiana corporate income tax refund for the 2016 tax year.

STATEMENT OF FACTS

Taxpayer is an out-of-state company that filed corporate income tax returns with the Internal Revenue Service ("IRS") and the Indiana Department of Revenue ("DOR") for the tax year 2016 ("Tax Year"). On August 5, 2021, Taxpayer filed an amended return with DOR to incorporate IRS changes and requested a refund. DOR denied the requested refund, explaining that the amended return was filed after the statutorily allowed time frame. Taxpayer timely protested this denial, and an administrative hearing was held. This memorandum of decision results. Additional facts will be provided as necessary.

I. Tax Administration - Statute of Limitations.

DISCUSSION

Taxpayer argues that its amended return requesting a refund qualified for an exception to the three-year statute of limitations under IC § 6-8.1-9-1(j).

As a threshold issue, "when [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). Thus, all interpretations of Indiana tax law contained within this decision are entitled to deference.

IC § 6-8.1-9-1(j) limits a taxpayer from requesting a refund from DOR more than 180 days after the IRS notifies the taxpayer of a modification resulting in a reduction in tax due. IC § 6-3-4-6(c) explains that a modification by the IRS can take the form of a final determination. It goes on to define a final determination as an action by a taxpayer or the IRS that is final, conclusive, and cannot be reopened or appealed as a matter of law. IC § 6-3-4-6(d).

As part of the administrative hearing, Taxpayer provided IRS Form 870, which shows modifications made by the IRS to Taxpayer's liability for the Tax Year. Taxpayer also provided IRS Letter 1574(P), which informed Taxpayer on February 9, 2021, that the Joint Committee on Taxation ("JCT") completed its review of the IRS's examination report and that any changes on that report are being processed. IRC § 6405 requires qualifying refunds to be reviewed by the Joint Committee prior to their issuance. Because this letter completes that review and finalizes the refunds at issue, it qualifies as a final determination under IC § 6-3-4-6(c).

Taxpayer also provided documentation showing that its amended returns sent to DOR via certified mail were received by the USPS on August 5, 2021. Taxpayer therefore filed its amended returns with DOR less than 180 days after it received a final determination from the IRS. Taxpayer's refund requests were therefore timely. These

refund requests shall therefore be reviewed on their merits.

FINDING

Taxpayer is sustained.

March 14, 2023

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