

Letter of Findings: 02-20231387
Income Tax
For Tax Year 2019

NOTICE: [IC 6-8.1-3-3.5](#) and [IC 4-22-7-7](#) require the publication of this document in the Indiana Register. This document provides the general public with information about the Indiana Department of Revenue's (the "Department") official position concerning a specific set of facts and issues. This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Letter of Findings.

HOLDING

Taxpayer met its burden of showing that the Department's proposed assessment of additional income tax was wrong.

ISSUE

I. Income Tax - Assessment.

Authority: [IC 6-8.1-5-1](#); *Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014).

Taxpayer protests the assessment of income tax.

STATEMENT OF FACTS

For tax year 2019, Taxpayer made several estimated tax payments. After an internal review, the Indiana Department of Revenue ("Department") determined Taxpayer failed to file an income tax return for tax year 2019. As a result, the Department issued a Notice of Proposed Assessment for base tax and related penalties and interest. Taxpayer protested the proposed assessment and requested resolution without a hearing. This Letter of Findings results. Additional facts will be provided as necessary.

I. Income Tax - Assessment.

DISCUSSION

Taxpayer protests the assessment of additional income tax, penalty, and interest. In its protest submission, Taxpayer provided an explanation regarding why it did not file a corporate income tax return. Taxpayer also explained that it made three estimated payments plus an additional debit payment that covered all taxes due for tax year 2019.

As a threshold issue, it is the Taxpayer's responsibility to establish that the existing tax assessment is incorrect. A proposed assessment is prima facie evidence the Department's claim for the unpaid tax is valid. [IC 6-8.1-5-1\(c\)](#). The burden of proving the proposed assessment is wrong rests with the person against whom the proposed assessment is made. *Id.*; See e.g., *Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007). A taxpayer is required to provide documentation explaining and supporting his or her challenge that the Department's position is wrong. Further, "[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).

A review of the Department's records and information received from Taxpayer establish that all taxes due related to tax year 2019 were paid, albeit in an incorrect manner via estimated payments. Taxpayer has met the burden of proving the proposed assessment wrong as required by [IC 6-8.1-5-1](#). The assessment and associated penalties and interest will be vacated. The Department notes that Taxpayer has a history of compliance with the Department, so the penalty will be waived. However, a penalty waiver will not be warranted in the future for similar

FINDING

Taxpayers' protest is sustained.

July 18, 2023

Finding Replaces: New

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