

Letter of Findings: 02-20231240
Indiana Corporate Income Tax
For The Year Ending June 30, 2018

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 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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

After reviewing the relevant federal seven-month extension provision and the dates on which Company filed its federal and multiple Indiana returns, the Department agreed that Indiana Company timely filed its amended corporate income tax return for the period ending June 30, 2018.

ISSUE

I. Corporate Income Tax - Claim for Refund - Statute of Limitations.

Authority: [IC 6-3-1-11](#); [IC 6-3-4-3](#); [IC 6-8.1-1-4](#); [IC 6-8.1-9-1](#); *Indiana Dep't of State Rev. v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); [45 IAC 15-9-2](#).

Taxpayer protests the Department's decision denying a refund of corporate income tax for the year ending June 30, 2018.

STATEMENT OF FACTS

Taxpayer is an Indiana company in the business of providing noise and vibration control solutions for high-tech industries.

Taxpayer routinely files Indiana corporate income tax returns. Taxpayer prepared its 2017 federal return for the period ending June 30, 2018. According to Taxpayer, it filed an IRS Form 7004 ("Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and other Returns") on or about September 15, 2018. Taxpayer believed that the federal extension provided additional time in which to file its Indiana return for the period ending June 30, 2018.

The calendar due date of the return was September 15, 2018, but the IRS allowed a seven-month extension. With the extension in place, the due date of the federal return was April 15, 2019. Taxpayer filed that return on February 8, 2019.

On March 14, 2022, Taxpayer filed an amended Indiana return for the period ending June 30, 2018.

The Indiana Department of Revenue ("Department") reviewed the amended return but denied the refund. In a letter dated July 25, 2022, the Department explained why the refund was denied as follows.

Indiana Code § 6-8.1-8-1 states that in order to receive a refund, a claim must be filed within three years after the due date of the return or date of payment, whichever is later. Your request and claim for a refund are outside the time frame and thus must be denied for the following filing period: June 30, 2018.

Taxpayer disagreed with the Department's decision and submitted a protest to that effect. An administrative hearing was conducted by telephone, during which Taxpayer's representatives explained the basis for the protest. This Letter of Findings results.

I. Corporate Income Tax - Claim for Refund - Statute of Limitations.

DISCUSSION

The issue is whether Taxpayer has established that its amended corporate income tax for the period ending June 30, 2018, was timely filed.

Taxpayer described the events which, according to Taxpayer, explain why the amended return was timely filed.

Taxpayer explains the three relevant federal and Indiana returns and the corresponding due dates.

A. Federal Due Date and Federal Extension.

Taxpayer filed three Indiana and federal corporate income returns (original and amended) for the period ending June 30, 2018.

Prior to filing the federal return, Taxpayer filed a Form 7004 on September 15, 2018. On that form, Taxpayer applied for a federal extension "for calendar year 2017, or tax year beginning July 1, 2017, and ending June 30, 2018." The form noted that Taxpayer had a "balance due" of approximately \$550,000.

According to Taxpayer, the original federal due date for the taxable year ending June 30, 2018, was October 15, 2018. However, the federal extension pushed the federal due date forward to April 15, 2019.

Taxpayer provided a federal transcript for the period ending June 30, 2018. That transcript indicates the federal return was "processed Mar. 25, 2019."

B. Original Indiana Due Date.

The original due date for filing its *Indiana* corporate return for the year ending June 30, 2018, was October 15, 2018. According to Taxpayer, with the federal extension in place, "[T]he due date for the for the original return was May 15, 2019, the 15th day of the month after the federal return was due."

Taxpayer filed its *Indiana* corporate return on February 8, 2019.

C. Amended Indiana Return and Refund.

Taxpayer filed the amended return - the one that sought a refund - on March 14, 2022. This is the return the Department concluded was untimely. However, Taxpayer explained that the March 14, 2022, amended return was filed "over two months prior to the deadline in [IC 6-8.1-9-1](#)." Under that statute, Taxpayer had three years from the date the original return was due on May 15, 2019, in which to request the refund.

Accounting for the time the original return was *due* on May 15, 2019, until the date the amended return requesting the refund was filed March 14, 2022, was 2 years, 9 months, 27 days.

D. The Law, the Facts, and the Conclusion.

As noted, the issue is whether Taxpayer sufficiently demonstrated that it was entitled to the refund and the Department erred in denying that refund. Poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010). When an agency is charged with enforcing a statute, the jurisprudence defers to the agency's reasonable interpretation of that statute "over an equally reasonable interpretation by another party." *Indiana Dep't of State Rev. v. Caterpillar, Inc.*, 15 N.E.3d 579, 583 (Ind. 2014).

The Department generally "has no legal method of generating a claim for refund. **A claim for refund can only be initiated pursuant to [IC 6-8.1-9-1](#).**" [45 IAC 15-9-2](#)(b) (**Emphasis added**). [IC 6-8.1-9-1](#)(a) (applicable to the Tax Year at Issue), in part, states:

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. **Except as provided in subsections (j) and (k), in order to obtain the refund, the person must file the claim with the department within three (3) years after the later of the following:**

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

For purposes of this section, the due date for a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax is the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

(Emphasis added).

Taxpayer relies on [IC 6-3-4-3\(a\)](#) (*Effective January 1, 2012, to December 31, 2018*).

Returns required to be made pursuant to section 1 of this chapter shall be filed with the department on or before the later of the following:

- (1) The 15th day of the fourth month following the close of the taxable year.
- (2) For a corporation whose federal tax return is due on or after the date set forth in subdivision (1), as determined without regard to any extensions, weekends, or holidays, the 15th day of the month following the due date of the federal tax return.

Indiana's "due date" is defined at [IC 6-8.1-1-4](#) which provides:

"Due date" means the last date on which a particular act, such as filing a return or making a payment, may be performed and still be on time. If an extension of time is allowed for performing a particular act, the "due date" is the last day of the extension period.

In this case, the tax return explains the seven-month extension period.

Maximum extension period. The automatic extension period for time to file is generally 6 months. Exceptions apply for certain filers of Form 1041 and for C corporations with tax years ending June 30. An estate (other than a bankruptcy estate) and a trust filing Form 1041 are eligible for an automatic 5 1/2-month extension of time to file. C corporations with tax years ending June 30 are eligible for an automatic 7-month extension of time to file (6-month extension if filing Form 1120-POL). See the instructions for Part II, lines 2 and 4, for exceptions for foreign corporations, certain domestic corporations, and certain partnerships with books and records outside of the United States and Puerto Rico.

Indiana "piggybacks" the relevant federal provisions such as the seven-month provision pointed out above. [IC 6-3-1-11\(b\)](#) is the Indiana's piggyback provision which states:

Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on February 11, 2018, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on February 11, 2018, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

Stacking together all the events described above - including the federal extension - the due date for Taxpayer's amended return was May 16, 2022. Taxpayer filed the Indiana return March 14, 2022, a date within the limitations period.

On the sole issue of timeliness, Taxpayer's protest is sustained.

FINDING

Taxpayer's protest is sustained.

December 12, 2023

Replaces Finding Document at: New

Posted: 02/28/2024 by Legislative Services Agency
An [html](#) version of this document.