

Memorandum of Decision: 02-20231880
Corporate Income Tax
For the Tax Year 2018

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

Business demonstrated that it timely filed its tax return and corresponding refund claim.

ISSUE

I. Corporate Income Tax - Timeliness.

Authority: [IC 6-3-4-3](#); [IC 6-8.1-6-1](#); [IC 6-8.1-6-2](#); [IC 6-8.1-9-1](#); I.R.C. § 6081; *Indiana Dept. of State Revenue. v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); *Scopelite v. Indiana Dept. of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); [45 IAC 15-9-2](#); Income Tax Bulletin 15 (August 2014).

Indiana business protests that it timely filed its state return and was thus entitled to a refund.

STATEMENT OF FACTS

Taxpayer is an Indiana-based company. For tax year 2018, Taxpayer requested and received a federal tax filing extension for its corporate income tax return. The federal extension automatically extended the due date for Taxpayer's Indiana return, and Taxpayer filed its Indiana corporate income tax return in October 2019. The Indiana corporate return requested a refund. When Taxpayer's Indiana return was later processed, the Indiana Department of Revenue ("Department") requested a copy of Taxpayer's Research Expense Credit ("REC") schedule. Taxpayer promptly provided a copy to the Department.

In 2023, Taxpayer filed an amended Indiana corporate income tax return related to tax year 2018. The amended return requested a refund. The Department reviewed the amended return and updated its records; however, the refund request was denied as being filed outside the three-year statute of limitations. Taxpayer did not receive any other correspondence regarding the refund prior to the denial in 2023.

Taxpayer protested the Department's denial of refund. An administrative hearing was held. This Memorandum of Decision results. Additional facts will be provided as necessary.

I. Corporate Income Tax - Timeliness.

DISCUSSION

The Department denied Taxpayer's claim for refund on the grounds that Taxpayer's refund request was outside the three-year statute of limitations as outlined by [IC 6-8.1-9-1](#). Taxpayer protested the denial and claimed its 2018 Indiana corporate income tax return was timely filed. The issue is whether Taxpayer sufficiently demonstrated that it was entitled to the refund and the Department erred in denying Taxpayer's refund claims.

As a threshold issue, poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dept. of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010). "[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.'" *Indiana Dept. of State Revenue. v. Caterpillar, Inc.*, 15 N.E.3d 579, 583 (Ind. 2014). More generally, [IC 6-8.1-9-1](#)(a) affords a taxpayer a statutory right to file a claim for refund.

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). [IC 6-8.1-9-1](#)(a) 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 [D]epartment. Except as provided. . . in order to obtain the refund, the person must file the claim with the [D]epartment within three (3) years after the later of the following:

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

[IC 6-3-4-3](#) requires returns to be filed on "the 15th day of the fourth month following the close of the taxable year." If a due date falls on a Saturday, Sunday, or national legal holiday recognized by the federal government, or a statewide holiday, the due date is moved to the next business day. [IC 6-8.1-6-2](#) (effective during the tax year at issue; recodified January 1, 2023, as [IC 6-3-4-3](#)). If the Internal Revenue Service allows an extension for a federal income tax return, the corresponding due dates for the Indiana income tax return is automatically extended for the same period as the federal extension plus thirty (30) days. [IC 6-8.1-6-1\(c\)](#). A federal extension is generally allowed for six months. See I.R.C. § 6081(a). Finally, if a federal extension is allowed, it is not necessary to request a separate extension of time to file for Indiana filing purposes. Income Tax Bulletin 15 (August 2014), 20140827 Ind. Reg. 045140322NRA.

Taxpayer's original return was filed on October 15, 2019. The return was timely due to the federal extension Taxpayer received which extended its 2018 filing date to November 14, 2019 (six months allowed for the federal extension plus thirty days). Taxpayer requested a refund on its original tax return. The Department requested additional information related to a missing REC schedule. Taxpayer provided the necessary schedule, and the Department updated its records; however, the Department failed to issue the requested refund. The Department erred in denying the refund and failing to timely notify Taxpayer of the denial. Taxpayer's protest is a procedural matter at this time instead of a legal question because the only legal question was related to the timeliness of the original return. Based on the information provided during the protest, Taxpayer is entitled to the requested refund.

FINDING

Taxpayer's protest is sustained.

February 7, 2024

Replaces Finding Document at: New

Posted: 04/24/2024 by Legislative Services Agency
An [html](#) version of this document.