

810-14-1-.33 Penalty for Frivolous Return.

(1) A "frivolous return" penalty of up to \$250 may be imposed if any return:

(a) does not contain information on which the substantial correctness of the self assessment may be judged, or

(b) contains information that on its face indicates the self assessment is substantially incorrect and is due to either a position which is frivolous or a desire (which appears on the purported return) to delay or impede the administration of the state tax laws.

(2) The frivolous return penalty may be imposed for, but is not limited to, the following situations:

(a) returns filed with only the date and signature;

(b) returns filed which contain altered or incorrect descriptions of line items or other altered provisions;

(c) knowingly filed on a form not compatible with the Department's processing system;

(d) returns filed which have references to spurious constitutional arguments instead of the required completion of the tax form;

(e) returns filed on which there is insufficient information to calculate the tax;

(f) returns filed on which the information presented is clearly inconsistent; or

(g) returns filed which show deliberate use of incorrect tax tables.

(3) The "frivolous return" penalty may not be imposed in the following situations:

(a) for an inadvertent mathematical or clerical error(s); or

(b) where the taxpayer files a substantially complete return, shows the correct amount of tax due, but refuses or is unable to pay the tax.

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