

810-14-1-.12 Second Inspection of a Taxpayer's Books and Records.

Only one inspection of a taxpayer's books and records relating to each type of tax administered by the Department shall be made for each taxable period, unless the Department is requested in writing by the taxpayer, or unless the Commissioner, after investigation, notifies the taxpayer in writing that an additional examination is necessary. Normally, one of the three following conditions will exist before the Department will conduct a second examination of a taxpayer's books and records:

(1) there is evidence of fraud, malfeasance, collusion, concealment, or misrepresentation of a material fact;

(2) a prior examination involved a substantial error based on an established Department position that existed at the time of the previous examination; or

(3) other circumstances exist that indicate that failure to conduct a second examination would be a "serious administrative omission."

Author: George Mingledorff

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