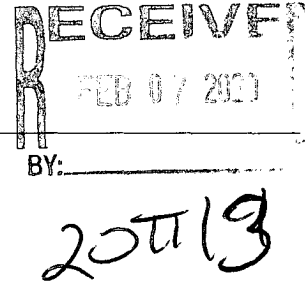


IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL

BEST BUY CO., INC. AND SUBSIDIARIES, )  
)  
Petitioner, )  
)  
v. )  
)  
ILLINOIS DEPARTMENT OF REVENUE, )  
)  
)  
Respondent. )

Case No.




NOTICE OF FILING

TO: Illinois Department of Revenue  
Office of Legal Services  
100 West Randolph Street, 7-900 (7th Floor of the Thompson Center)  
Chicago, IL 60601

**PLEASE TAKE NOTICE** that on February 7, 2020, Petitioner, Best Buy Co., Inc., together with its affiliates, filed the attached Petition with the Clerk of the Illinois Independent Tax Tribunal, a copy of which is hereby served upon you.

Date: February 7, 2020

By:   
Attorney for Petitioner,  
Best Buy Co., Inc.

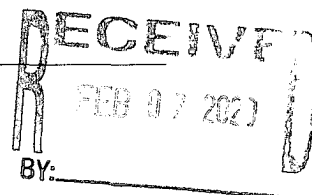
David A. Hemmings (ARDC No. 6307850)  
Baker & McKenzie LLP  
300 E. Randolph Street, Ste. 5000  
Chicago, IL 60601  
Telephone: (312) 861-3711  
Fax: (312) 698-2050  
drew.hemmings@bakermckenzie.com

*Attorney for Petitioner, Best Buy Co., Inc.*

**IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL**

BEST BUY CO., INC. AND SUBSIDIARIES, )  
)  
Petitioner, )  
)  
v. )  
)  
ILLINOIS DEPARTMENT OF REVENUE, )  
)  
Respondent. )

Case No. \_\_\_\_\_



**PETITION**

Petitioner, Best Buy Co., Inc. (“Best Buy” or “Taxpayer”), individually and on behalf of its unitary subsidiaries, by and through its attorneys, Baker & McKenzie LLP, who are duly authorized to represent Petitioner in this regard pursuant to the Power of Attorney attached hereto as Exhibit A, hereby complains of Respondent, Illinois Department of Revenue (“Respondent” or “Department”), as follows:

**PARTIES**

1. Best Buy is a publicly traded corporation duly organized and existing under the laws of the State of Minnesota.
2. Best Buy maintains its corporate headquarters at 7601 Penn Avenue South, Richfield, Minnesota 55423-3645 and its telephone number is (612) 291-3860.
3. Best Buy’s tax identification number is 41-0907483.
4. The Department is an agency of the State of Illinois responsible for administering and enforcing the revenue laws of the State of Illinois.

**JURISDICTION**

5. On December 12, 2019, the Department issued a Notice of Claim Status / Notice of Denial (the “Notice”) to Best Buy upholding the Department’s denial of Best Buy’s \$136,170.07

refund claim for late estimated payment penalties for the tax year ending February 3, 2018 (“FY 2018”). A copy of Best Buy’s Request for Abatement is attached as Exhibit B. A copy of the Notice is attached as Exhibit C.

6. This Tribunal has original jurisdiction over a Department determination reflected on a Notice of Claim Status where the amount of penalties at issue exceeds \$15,000. 35 ILCS 1010/1-45.

### **BEST BUY’S BUSINESS OPERATIONS**

7. Best Buy, together with its consolidated subsidiaries, is a multinational retailer of consumer electronics, home office products, entertainment products, appliances and various technology services and solutions.
8. Best Buy, together with its consolidated subsidiaries, operates retail stores, and call centers and conducts online retail operations across the U.S., including in Illinois.

### **ILLINOIS COMBINED RETURN FILING AND ESTIMATED PAYMENT REQUIREMENTS**

#### The Illinois Combined Return Original Due Date and Automatic Extensions

9. The Illinois Income Tax Act (“IITA”) requires corporate taxpayers “that are members of the same unitary business group [to] be treated as one taxpayer for purposes of any original return ...” 35 ILCS 5/502(e) (an “Illinois Combined Return”); *see also* Ill. Admin. Code 100.5210(b); and Ill. Admin. Code 100.5201(b).
10. The original due date for corporate taxpayers to file their Illinois Combined Returns mirrors the original due date for corporate taxpayers to file their federal corporate income tax returns (*i.e.*, Form 1120, U.S. Corporation Income Tax Return). *See* 35 ILCS 5/505(a)(1); Ill. Admin. Code 100.5000(a)(2).
11. For taxable years beginning on or after January 1, 2016, the original due date for corporate

taxpayers to file their federal income tax returns changed from the “15th day of the third month” to the “15th day of the fourth month” “following the close of the fiscal year.” Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, P.L. 114-41, § 2006(a)(2) (Jul. 31, 2015) (the “Federal Change”).

12. As a result of the Federal Change, the original due date for corporate taxpayers to file their Illinois Combined Returns changed from the “15th day of the third month” to the “15th day of the fourth month” “following the close of the fiscal year.” *See* 35 ILCS 5/505(a)(1); Ill. Admin. Code 100.5000(a)(2).
13. For years prior to Best Buy’s FY 2017 tax year, the Department automatically extended the original due date for filing an annual Illinois Combined Return for corporations by seven months. Ill. Admin. Code 100.5020(b) (as in effect before September 7, 2016) (the “Automatic Extension Regulation”).
14. After the Federal Change became effective, the Automatic Extension Regulation was amended to automatically extend the original due date for filing an annual Illinois Combined Return by “6 months to taxpayers whose returns are due on the fifteenth day of the fourth month after the end of the taxable year....” Ill. Admin. Code 100.5020(b) (eff. September 7, 2016).
15. Pursuant to Department guidance, the amendments to the original due date of the Illinois Combined Return and to the Automatic Extension Regulation, described above, apply to corporate tax years beginning on or after January 1, 2016. *See* 2016 Form IL-1120 Instructions (Aug. 2017).

#### Estimated Payment Requirements

16. Illinois corporate taxpayers are generally required to pay estimated tax for the taxable year.

35 ILCS 5/803. *See also* Ill. Admin. Code 100.8000.

17. Such estimated payments “shall be paid [in] 4 equal installments ... for each taxable year ...”

35 ILCS 5/803(d). *See also* 35 ILCS 5/804; Ill. Admin. Code 100.8010.

18. In this regard, for fiscal year corporate taxpayers:

IITA Section 803(g) requires installments of estimated tax to be made on or before each of the following dates:

- i. The 1st installment is due on the 15th day of the 4th month of that taxable year;
- ii. The 2nd installment is due on the 15th day of the 6th month of that taxable year;
- iii. The 3rd installment is due on the 15th day of the 9th month of that taxable year;
- iv. The 4th installment is due on the 15th day of the 12th month of that taxable year (in the case of a corporation) ...

Ill. Admin. Code 100.8010(c)(1)(C).

19. In general, “the amount of any required installment shall be 25% of the required annual payment ...” Ill. Admin. Code 100.8010(d)(1).

20. Under Illinois law, “[a] penalty shall be imposed for failure to pay the tax shown due or required to be shown due on a return on or before the due date prescribed for payment of that tax ...”; “[t]he amount of penalty imposed ... shall be 2% of any amount that is paid no later than 30 days after the due date, 10% of any amount that is paid later than 30 days.”

35 ILCS 735/3-3(b-20)(2).

21. However, “[n]o penalty shall be imposed under IITA Section 804 to the extent that the taxpayer shows that any underpayment of estimated tax was due to reasonable cause ...”

Ill. Admin. Code 100.8010(g)(5).

### Overpayment Credit

22. To the extent a taxpayer overpays the amount of tax due, “the Department ... may credit the amount of such overpayment ... against any liability in respect of the tax imposed by this Act ...” 35 ILCS 5/909(a).
23. In this regard, “[a] taxpayer may elect to have any portion of any overpayment shown on an original or amended return for a taxable year applied against the taxpayer’s estimated tax liability for a subsequent year.” Ill. Admin. Code 100.9400(b).
24. When such an election is made, “[t]he amount credited against estimated tax ... shall be applied to each installment, beginning with the 1st installment due ...” Ill. Admin. Code 100.8010(e)(4)(A).
25. To the extent a taxpayer makes an overpayment credit election on a late-filed Illinois Combined Return, “[t]he amount credited against estimated tax pursuant to an election under IITA Section 909(b) made by means other than a timely filed original return shall be treated as paid on the date on which the taxpayer files the return or other document on which the election is made.” Ill. Admin. Code 100.8010(e)(4)(B).

### **BEST BUY’S ILLINOIS COMBINED INCOME TAX AND ESTIMATED PAYMENT COMPLIANCE**

#### Best Buy’s Historical Illinois Corporate Income Tax Compliance

26. Best Buy, along with its unitary subsidiaries, files annual Illinois Combined Returns.
27. Best Buy has an excellent compliance history in Illinois with respect to timely filing its Illinois Combined Returns and remitting the applicable tax due thereon, including through timely estimated payments.
28. On its annual Illinois Combined Return, Best Buy historically overpaid its Illinois corporate income tax liability and elected to apply its overpayment credit towards its estimated

payment liability for subsequent periods in accordance with 35 ILCS 5/909 and corresponding Department regulations.

Best Buy's Illinois Combined Return Filing for Fiscal Year 2017

29. Best Buy's 2017 fiscal year ("FY 2017") began January 31, 2016 and ended January 28, 2017.
30. Under the original version of the Automatic Extension Regulation, the due date for Best Buy's FY 2017 Illinois Combined Return would have been automatically extended seven months to December 15, 2017 from May 15, 2017, the original due date following the Federal Change. *See* Ill. Admin. Code 100.5020(b) (effective until September 7, 2016).
31. Best Buy filed its FY 2017 Illinois Combined Return on December 14, 2017 -- one day before the return would have been due under the Automatic Extension Regulation prior to its September 7, 2016 amendment.
32. On its FY 2017 Illinois Combined Return, Best Buy elected to apply overpayment credit to FY 2018 estimated payment periods, including the first and second estimated payment installments.

The Department's Penalty Assessment and Best Buy's Request for Abatement

33. As a result of Best Buy filing its FY 2017 Illinois Combined Return on December 14, 2017, the Department assessed Best Buy a late estimated payment penalty of \$136,170.07 for the first and second estimated payment installments for FY 2018 (the "FY 2018 Late Estimated Payment Penalty").
34. Best Buy filed a Request for Abatement regarding the FY 2018 Late Estimated Payment Penalty on August 19, 2019. *See* Exhibit B.
35. On December 12, 2019, the Department issued a Notice of Claim Status formally denying

Best Buy's Request for Abatement and request for refund of late estimated payment penalties. *See* Exhibit C.

36. The Department stated in the Notice that the FY 2018 Late Estimated Payment Penalty was assessed due to the Department receiving Best Buy's FY 2017 Combined Return on December 14, 2017.

## **COUNT I**

### **IMPOSITION OF PENALTIES IS IMPROPER**

37. Best Buy hereby restates and re-alleges the allegations contained in paragraphs 1-36 as if fully set forth herein.
38. The FY 2018 Late Estimated Payment Penalty must be abated and refunded for reasonable cause.
39. Under Illinois law, no penalties shall be imposed on a taxpayer if the "failure to file a return or pay tax at the required time was due to reasonable cause." 35 ILCS 735/3-8.
40. Pursuant to Department regulations, "the most important factor to be considered in making a determination to abate a penalty will be the extent to which the taxpayer made a good faith effort to determine his proper tax liability and to file and pay his proper liability in a timely fashion." Ill. Admin. Code 700.400(b).
41. A taxpayer's filing history is also considered in determining whether the taxpayer acted in good faith. Ill. Admin. Code 700.400(d).
42. Reasonable cause will exist if a taxpayer makes an honest mistake. Ill. Admin. 700.400(e)(7).
43. Best Buy has a history of timely filing Illinois corporate income tax returns and paying Illinois corporate income tax in a timely manner.


44. Best Buy made a good faith effort to determine its proper tax liability and to file and pay its proper tax liability in a timely fashion, as it consistently has done for over 20 years.
45. As a result of the Federal Change, the original due date for Best Buy's annual Illinois Combined Return for FY 2017 was extended to May 15, 2017 -- that is, for the first time the original due date for Best Buy to file its Illinois Combined Return changed to the "15th day of the fourth month" instead of the "15th day of the third month" "following the close of the fiscal year." *See* 35 ILCS 5/505(a)(1); Ill. Admin. Code 100.5000(a)(2).
46. Best Buy filed its FY 2017 Illinois Combined Return on December 14, 2017, within the seven month automatic extension deadline from the original due date stated in the Automatic Extension Regulation prior to its amendment. *See* Ill. Admin. Code 100.5020(b) (as in effect before September 7, 2016).
47. Best Buy used the Automatic Extension Regulation before its September 7, 2016 amendment to determine an automatic seven-month extension applied in Illinois, similar to the rules in many other states.
48. One of the relevant factors used to determine the existence of reasonable cause is whether "the taxpayer's federal filing status [could] have caused confusion about his or her Illinois filing requirements". Ill. Admin. Code 700.400(f)(1).
49. In this case, Best Buy's failure to account for the automatic extension change to six months from seven months was an inadvertent and honest mistake resulting from confusion about the Federal Change and its impact on Best Buy's Illinois Combined Return filing requirements for FY 2017.
50. In a press release dated October 11, 2018, the Department recognized the confusion surrounding federal tax reform and extended the due dates for filing Illinois corporate

income tax returns by an additional month. Accordingly, the extended due dates of Best Buy's FY 2016 and FY 2018 Illinois Combined Returns were seven months after the original due dates (rather than six months).

51. Best Buy has updated its compliance practices to ensure future compliance, including timely filing its Fiscal Year 2018 and 2019 Illinois Combined Returns and all future Illinois tax returns go forward.
52. Furthermore, Best Buy elected to have its overpayment credit reported on its FY 2017 Illinois Combined Return, filed December 14, 2017, to be applied to its FY 2018 estimated payment installments in accordance with 35 ILCS 5/909(a) and Ill. Admin. Code 100.9400(b).
53. Since Best Buy overpaid its FY 2017 tax liability, the Department had all funds before the FY 2018 estimated payment installments were due.
54. The Department was not economically prejudiced by any possible delay in Best Buy late filing the FY 2017 Illinois Combined Return.
55. The FY 2018 Late Estimated Payment Penalty imposed by the Department is inappropriate given the circumstances and must be abated for reasonable cause.

WHEREFORE, Best Buy prays the Tax Tribunal find and enter an order abating the full amount of penalties assessed by the Department, totaling \$136,170.07, refunding such penalty amounts to Best Buy, and such other and further relief as the Tax Tribunal deems appropriate in this matter.

Date: February 7, 2020

By:   
Attorney for Petitioner,  
Best Buy Co., Inc.

David A. Hemmings (ARDC No. 6307850)

Baker & McKenzie LLP  
300 E. Randolph Street, Ste. 5000  
Chicago, IL 60601  
Telephone: (312) 861-3711  
Fax: (312) 698-2050  
drew.hemmings@bakermckenzie.com

*Attorney for Petitioner,  
Best Buy Co., Inc.*

# EXHIBIT A

**IL-2848 Power of Attorney****Read this information first**

Submit your completed form to **REV.POA@illinois.gov**. Do **not** attach to your tax return. You also may be required to provide a copy of this form to a representative of the Illinois Department of Revenue. This power of attorney automatically expires 10 years from the date it is signed. If you do not properly complete this form, you will be required to submit a new Form IL-2848. See the instructions for additional information.

**Note:** A separate form may need to be completed for each taxpayer. An asterisk (\*) below indicates a required field.

**Step 1: Complete the following taxpayer information**

Best Buy Co. Inc.			41-0907483
Name of individual or business*			Identification number (i.e., FEIN or SSN)* - <b>All nine digits required.</b>
7601 Penn Avenue South			00117-88544
Street address*			Illinois Account ID (if known)
Richfield	MN	55423-3645	( 612 ) 291-3860
City*	State*	ZIP*	Daytime phone number*

**Step 2: Identify the authorized agent or fiduciary executing this form - Signature required in Step 6**

Complete the following if the taxpayer is a corporation, partnership, trust, or estate (i.e., not an individual taxpayer) or if someone other than the taxpayer is authorizing the power of attorney and the taxpayer is an individual. If you are not the taxpayer and you already have been designated by the courts as power of attorney, do **not** complete this form. Instead complete Form IL-56, Notice of Fiduciary Relationship. See instructions for who can execute this form.

Kristi K. Carlson			Senior Vice President - Tax, Treasury & Internal Audit
Name*			Title*
7601 Penn Avenue South			( 612 ) 291-3860
Street address*			Daytime phone number*
Richfield	MN	55423	
City*	State*	ZIP*	Email address

**Step 3: Identify the representative(s) - If more than two representatives, list the total number here: \_\_\_\_\_**

Attach a copy of page one for every two additional representatives. (See instructions.) **Note:** If any representative listed is a person who is **not** an attorney, a certified public accountant, or an enrolled agent, you must complete the notary section of Step 6.

The taxpayer named above appoints the following representative as attorney-in-fact:

Theodore R. Bots				David A. Hemmings			
Name of individual*				Name of individual*			
Check one: <input checked="" type="checkbox"/> Attorney <input type="checkbox"/> CPA <input type="checkbox"/> Enrolled agent				Check one: <input checked="" type="checkbox"/> Attorney <input type="checkbox"/> CPA <input type="checkbox"/> Enrolled agent			
(if applicable)				(if applicable)			
Baker & McKenzie LLP				Baker & McKenzie LLP			
Name of firm, if applicable				Name of firm, if applicable			
6224515 (Illinois ARDC)				6307850 (Illinois ARDC)			
Identification number (Attorney License No., PTIN, FEIN, or SSN)* - See instr.				Identification number (Attorney License No., PTIN, FEIN, or SSN)* - See instr.			
300 E. Randolph Street, Ste. 5000				300 E. Randolph Street, Ste. 5000			
Street address*				Street address*			
Chicago				Chicago			
City*		State*		City*		State*	
( 312 ) 861-8845		( 312 ) 698-2004		( 312 ) 861-3711		( 312 ) 698-2050	
Daytime phone number*		Fax number		Daytime phone number*		Fax number	
Theodore.Bots@bakermckenzie.com				Drew.Hemmings@bakermckenzie.com			
Email address				Email address			

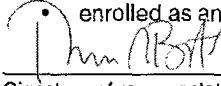
☒ Check this box if you want to authorize the Department to send duplicate copies of notices to the representative listed above.

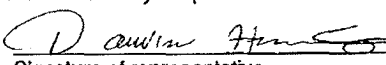
☒ Check this box if you want to authorize the Department to send duplicate copies of notices to the representative listed above.

**Complete the following if a box above is checked to indicate that the representative is an attorney, CPA, or enrolled agent**

I declare that I am **not** currently under suspension or disbarment and that I am

- a member in good standing of the bar of the highest court of the jurisdiction indicated below; or
- duly qualified to practice as a certified public accountant in the jurisdiction indicated below; or
- enrolled as an agent pursuant to the requirements of United States Treasury Department Circular Number 230.

 1/15/20  
 Signature of representative Date  
 Theodore R. Bots IL  
 Print name Jurisdiction (state(s), etc.)

 1/15/20  
 Signature of representative Date  
 David A. Hemmings IL  
 Print name Jurisdiction (state(s), etc.)

**IL-2848 Power of Attorney****Read this information first**

Submit your completed form to **REV.POA@illinois.gov**. Do **not** attach to your tax return. You also may be required to provide a copy of this form to a representative of the Illinois Department of Revenue. This power of attorney automatically expires 10 years from the date it is signed. If you do not properly complete this form, you will be required to submit a new Form IL-2848. See the instructions for additional information. **Note:** A separate form may need to be completed for each taxpayer. An asterisk (\*) below indicates a required field.

**Step 1: Complete the following taxpayer information**

Best Buy Co. Inc.			41-0907483
Name of individual or business*			Identification number (i.e., FEIN or SSN)* - <b>All nine digits required.</b>
7601 Penn Avenue South			00117-88544
Street address*			Illinois Account ID (if known)
Richfield	MN	55423-3645	( 612 ) 291-3860
City*	State*	ZIP*	Daytime phone number*

**Step 2: Identify the authorized agent or fiduciary executing this form - Signature required in Step 6**

Complete the following if the taxpayer is a corporation, partnership, trust, or estate (i.e., not an individual taxpayer) or if someone other than the taxpayer is authorizing the power of attorney and the taxpayer is an individual. If you are not the taxpayer and you already have been designated by the courts as power of attorney, do **not** complete this form. Instead complete Form IL-56, Notice of Fiduciary Relationship. See instructions for who can execute this form.

Kristi K. Carlson			Senior Vice President - Tax, Treasury & Internal Audit
Name*			Title*
7601 Penn Avenue South			( 612 ) 291-3860
Street address*			Daytime phone number*
Richfield	MN	55423	
City*	State*	ZIP*	Email address

**Step 3: Identify the representative(s) - If more than two representatives, list the total number here: \_\_\_\_\_**

Attach a copy of page one for every two additional representatives. (See instructions.) **Note:** If any representative listed is a person who is **not** an attorney, a certified public accountant, or an enrolled agent, you must complete the notary section of Step 6.

The taxpayer named above appoints the following representative as attorney-in-fact:

David A. Pope	Name of individual*
Name of individual*	
Check one: <input checked="" type="checkbox"/> Attorney <input type="checkbox"/> CPA <input type="checkbox"/> Enrolled agent	Check one: <input type="checkbox"/> Attorney <input type="checkbox"/> CPA <input type="checkbox"/> Enrolled agent
(If applicable)	(If applicable)
Baker & McKenzie LLP	Name of firm, if applicable
Name of firm, if applicable	
4606018 (New York State Bar)	Identification number (Attorney License No., PTIN, FEIN, or SSN)* - See Instr.
Identification number (Attorney License No., PTIN, FEIN, or SSN)* - See Instr.	
452 Fifth Avenue	Street address*
Street address*	
New York	City*
NY	State*
10018	ZIP*
City*	
( 212 ) 626-4289	( 212 ) 310-1606
Daytime phone number*	Fax number
David.Pope@bakermckenzie.com	Daytime phone number*
Email address	Fax number

☒ Check this box if you want to authorize the Department to send duplicate copies of notices to the representative listed above.

☐ Check this box if you want to authorize the Department to send duplicate copies of notices to the representative listed above.

**Complete the following if a box above is checked to indicate that the representative is an attorney, CPA, or enrolled agent**

I declare that I am **not** currently under suspension or disbarment and that I am

- a member in good standing of the bar of the highest court of the jurisdiction indicated below; or
- duly qualified to practice as a certified public accountant in the jurisdiction indicated below; or
- enrolled as an agent pursuant to the requirements of United States Treasury Department Circular Number 230.

	1/15/20
Signature of representative	Date
David A. Pope	NY
Print name	Jurisdiction (state(s), etc.)

Signature of representative	Date
Print name	Jurisdiction (state(s), etc.)

Step 4: Revocation of power of attorney appointments

This power of attorney revokes all powers of attorney on file with the Illinois Department of Revenue with respect to the same matters and years or periods covered. If you do not want to revoke prior powers of attorney, check this box: ☒

Step 5: Identify the tax matters and the type of appointment — Designate the Tax Matters to which the power of attorney applies and the Type of Appointment.

Tax Matters

Form IL-1120-X, Amended Corporation Income Tax Return

January 2016 - January 2019

Tax Type/Tax Form(s) or Notices\*

Tax Year(s) or Filing Period(s)\*

Notice of Denial; Letter ID: CNXXXX6434176489

January 2018

Tax Type/Tax Form(s) or Notices

Tax Year(s) or Filing Period(s)

Tax Type/Tax Form(s) or Notices

Tax Year(s) or Filing Period(s)

Type of Appointment — Check either General or Specific Appointment. Do not check both boxes. See instructions.

☐ General Appointment

The attorneys-in-fact named above shall have, subject to revocation, full power of attorney to perform any act that the principals can and may perform, including the authority to receive and discuss confidential information for the tax matters listed above.

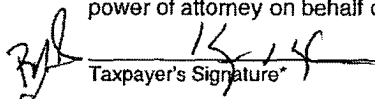
☒ Specific Appointment

The attorneys-in-fact named above shall have, subject to revocation, power of attorney to receive and discuss with the Illinois Department of Revenue confidential information for the tax matters listed above and to perform only those additional acts that the principals can and may perform designated below. (Check the following, as applicable.)

- ☐ Yes Endorse or collect checks in payment of refunds.
- ☐ Yes Receive checks in payment of any refund of Illinois taxes, penalties, or interest.
- ☐ Yes Execute waivers (including offers of waivers) of restrictions on assessment or collection of deficiencies in tax and waivers of notice of disallowance of a claim for credit or refund.
- ☐ Yes Execute consents extending the statutory period for assessments or collection of taxes.
- ☐ Yes Delegate authority or substitute another representative.
- ☒ Yes Execute offers in compromise or settlement of tax liability.
- ☒ Yes Represent the taxpayer before the Illinois Department of Revenue in administrative hearings or the Illinois Independent Tax Tribunal (requiring representation by an attorney).
- ☒ Yes Represent the taxpayer before the Illinois Department of Revenue in proceedings other than administrative hearings, such as proceedings before the Informal Conference Board or the Board of Appeals.
- ☐ Yes Obtain a private letter ruling on behalf of the taxpayer.
- ☐ Yes Other (Please describe.)

Step 6: Signature (Required) - This form must be signed by the taxpayer listed in Step 1 or the individual listed in Step 2.

If signing as a corporate officer, partner, fiduciary, or individual on behalf of the taxpayer, I certify that I have the authority to execute this power of attorney on behalf of the taxpayer.

 Kristi K. Carlson Senior Vice President - Tax, Treasury & Internal Audit 1/15/2020  
Taxpayer's Signature\* Print name\* Title, if applicable Date\*

Spouse's signature (required if spouse is listed in Step 1)

Print name

Date

Complete the following if any representative listed in Step 3 is a person other than an attorney, a certified public accountant, or an enrolled agent.

If the power of attorney is granted to a person other than an attorney, a certified public accountant, or an enrolled agent, this document must be witnessed or notarized below. Please check and complete one of the following:

Any person signing as or for the taxpayer

- ☐ is known to and this document is signed in the presence of the two disinterested witnesses whose signatures appear here, OR

Signature of witness

Date

Signature of witness

Date

- ☐ appeared this day before a notary public and acknowledged this power of attorney as his or her voluntary act and deed.

Signature of notary

Date

Notary seal



# EXHIBIT B



SENT WITH AMENDED RETURN

Illinois Department of Revenue

RE: Claim for Refund  
Best Buy Co Inc (FEIN: 41-0907483)  
Tax Period: Fiscal Year Ending February 3, 2018 ("FY18")

Dear Sir / Madam:

Best Buy is filing this amended return as a claim for refund after our abatement request was denied (see attached denial letter). Best Buy requests the late estimated payment penalty imposed of \$141,029.62 for the FY18 Illinois Corporation Income and Replacement Tax Return to be refunded. Per a phone call to the Department of Revenue, the penalty was the result of Best Buy's prior year overpayment not being applied to its first quarter estimate due to the late filing of its FY18 tax return. Best Buy is requesting a refund due to the complexities of tax reform imposed during FY18.

Tax year 2017 (FY18) was a very challenging year for many taxpayers due to federal tax reform, Best Buy included. Illinois recognized these challenges in a press release dated October 11, 2018 stating, "With the extended due date of the Illinois income tax return coinciding with the extended due date for the federal return, we recognize that taxpayers may have trouble meeting this deadline." The press release went on to state that requests for abatement of penalties for late filing returns will be approved on a case-by-case basis if the return is filed by November 15, 2018. This was a confusing notice as it appeared to only address calendar year filers. Best Buy is a fiscal filer with a year end of February 3, 2018 and thus its extended due date was already November 15, 2018. An assumption was made that an additional month was provided to all taxpayers. Best Buy's tax return was e-filed and accepted on November 27, 2018; within the presumed additional month extension period.

Prior law allowed an automatic extension to one month beyond the federal extended due date. As well, Ill. Admin. Code 100.5020(b) still allows an automatic seven-month extension for certain taxpayers. Because of Best Buy's timely filing within the presumed additional month extension period, prior law allowing seven-month extensions, and the ambiguity of the press release in the wake of federal tax reform; we believe Best Buy meets the reasonable cause exception. In addition, Best Buy has historically filed its tax returns timely and has not

requested abatement in the past. Internal filing calendars have been updated to ensure compliance in the future.

We respectfully request a refund of the \$141,029.62 penalty imposed on the late filing of its tax return. If anything further is required, please feel free to contact me at 612-291-4283.

Sincerely,

A handwritten signature in black ink, appearing to read 'JP', with a stylized flourish extending from the bottom left.

Joshua Pike, CPA  
Senior Tax Analyst

Enclosures

# Request for Abatement

for Form IL-1120, Corporation Income and Replacement Tax Return



RECEIVED

JUL 22 2019

July 16, 2019



Letter ID: CNXXXX7845873763

Account ID: 00117-88544

FEIN: 41-0907483

#BWNKMGV  
#CNXX XX78 4587 3763#  
BEST BUY CO INC  
BEST BUY CO INC AND SUBSIDIARIES  
ATTN: INCOME TAX DEPT  
7601 PENN AVE S  
RICHFIELD MN 55423-3645

Best Buy Tax Dept



We have reviewed all correspondence and documentation that we have received regarding your request.

Based on our review, we have denied the following item for abatement because the circumstances described in your request do not meet our guidelines for reasonable cause or you did not exercise ordinary business care.

<u>Penalty &amp; Interest</u>	<u>Reporting Period</u>	<u>Requested Amount</u>	<u>Remaining Balance</u>
Late Estimated Payment Penalty	January 2018	\$136,170.07	\$0.00

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

If you do not agree with our decision, you may file a claim for refund. If your claim is denied, you have 60 days from the date of the denial to file a written protest and request a hearing.

If you have questions, write or call our Springfield office weekdays between 8:00 a.m. and 4:00 p.m. Our address and telephone number are below.

Lori Cushman  
Revenue Tax Specialist

PROBLEMS RESOLUTION DIVISION  
ILLINOIS DEPARTMENT OF REVENUE  
P.O. BOX 19014  
SPRINGFIELD IL 62794-9014

(217) 785-7973  
(217) 785-2643 fax

# EXHIBIT C

# Notice of Claim Status

for IL-1120-X, Amended Corporation Income and Replacement Tax Return



#BWNKMGV  
#CNXX XX64 3417 6489#  
BEST BUY CO INC  
BEST BUY CO INC AND SUBSIDIARIES  
ATTN: INCOME TAX DEPT  
7601 PENN AVE S  
RICHFIELD MN 55423-3645

December 12, 2019



Letter ID: CNXXXX6434176489

Account ID: 00117-88544

FEIN: 41-0907483

Reporting Period: January 2018



## Notice of Denial

We have reviewed your Form IL-1120-X, Amended Corporation Income and Replacement Tax Return, which you signed and dated August 19, 2019, for the reporting period shown above. **This review is not the result of an audit.**

We denied your claim for refund because we considered your January 2018 tax return filed timely and gave you a timely carryforward for your overpayment amount as May 15, 2018, the original due date of your return. The notice from the Illinois Department of Revenue, Illinois Business Income Tax Deadlines Extended, gave businesses an extension of time to file their returns filed on the 2017 Form IL-1120. The late estimated payment penalty is related to your January 2017 tax return, filed on the 2016 Form IL-1120, being received late. The late estimated payment penalty remains \$136,170.07 as previously assessed because we received your January 2017 tax return on December 14, 2017. The instructions to the 2016 Form IL-1120 state that "your Illinois filing date is the same as your federal filing due date", and "if your tax year ends on a date other June 30, we grant you an automatic extension of time to file your annual return of six months." The instructions to the 2016 Form IL-1120 also state that "additional extensions beyond the automatic extension period - We will grant an additional extension only if an extension is granted by the Internal Revenue Service (IRS) beyond the date of the Illinois automatic extension. Your additional Illinois extension will be equal to the federal extension, plus one month."

Also, please send a copy of this letter with any further correspondence.

You must send us this information within 60 days of the date of this letter.

If you do not send us the requested information within 60 days of the date of this letter (or submit a written protest as described below), the denial of your claim for refund will be final. In that event, if the statute of limitations for filing a claim for refund has not passed, you may file a new claim for refund using the amended form. All required supporting documentation must be attached to your form in order for us to process your amended return.

If you agree with our determination and your account is in balance, do nothing. You will receive a refund if your account is overpaid and no other liabilities exist. If your account has a balance due, you will receive a bill. If you are under the protection of the Federal Bankruptcy Court, please contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy "automatic stay" does not relieve your obligation to file tax returns.

If you do not agree with our determination, you may file a written protest against our denial, and, if you desire, you may request a hearing. You must do so within 60 days of date of this notice. Your request must be in writing, clearly indicating that you want to protest, and explaining in detail why you do not agree.

If you file an acceptable protest on time, we must reconsider our denial as provided in IITA, Sections 910 and 914. If requested, we will grant you or your authorized representative a hearing. If you do not file a written protest within the time period, this denial shall become final.

If you have any questions, please write or call our Springfield office weekdays between 8 a.m. and 4 p.m. Our address and telephone number are below.

Eric Andrew  
Revenue Tax Specialist

BUSINESS PROCESSING DIVISION  
ILLINOIS DEPARTMENT OF REVENUE  
IL DEPT OF REVENUE PO BOX 19004  
SPRINGFIELD IL 62794-9004

(217) 557-2647

Enclosures: Form EAR-14, Protest Filing Form  
Form IDR-867, Taxpayer Bill of Rights  
Return Envelope  
LTR353-insert Protest Rights Information

**CERTIFICATE OF SERVICE**

I, the undersigned counsel, certify a copy of the foregoing **PETITION** has been served upon the below-named party by hand delivery on this 7th day of February, 2020 before 5:00 p.m.

**Illinois Department of Revenue**

Office of Legal Services

100 W. Randolph Street, Level 7-900 (7th Floor of the Thompson Center)

Chicago, Illinois 60601



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Attorney for Petitioner, Best Buy Co., Inc.

David Andrew Hemmings

Baker & McKenzie LLP

300 East Randolph Street, Suite 5000

Chicago, Illinois 60601

(312) 861-3711 (Direct Phone)

(312) 698-2050 (Direct Fax)