

Letter of Findings Number: 09-0624
Individual Income Tax
For the Year 2007

NOTICE: Under IC § 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE

I. Individual Income Tax – Imposition.

Authority: IC § 6-3-3-12; IC § 6-8.1-5-1.

Taxpayers protest the assessment of individual income tax.

STATEMENT OF FACTS

Taxpayers are a married couple. Prior to December 12, 2007, Taxpayers had not established an account with the Indiana College Choice 529 Plan ("529 Plan"). Taxpayers mailed their account registration and rolled over \$5,000 from another plan to the 529 Plan Administrator. However, the 529 Plan Administrator did not post the contribution until early 2008.

On Taxpayers' 2007 individual income tax return, Taxpayers claimed a \$1,000 credit based on the above-referenced contribution. The Indiana Department of Revenue ("Department") disallowed the credit. Taxpayers protested the credit disallowance, the Department conducted an administrative hearing, and this Letter of Findings results.

I. Individual Income Tax – Imposition.

DISCUSSION

Taxpayers protest the disallowance of the credit for contribution to the 529 Plan. In particular, Taxpayers argue that they made the contribution during 2007.

Under IC § 6-8.1-5-1(c), a taxpayer against whom a proposed assessment has been issued bears the burden of demonstrating that a proposed assessment is incorrect. Thus, Taxpayers must demonstrate that the contribution was made in calendar year 2007.

IC § 6-3-3-12(i) states:

A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by [IC 6-3-1](#) through [IC 6-3-7](#) for a taxable year equal to the least of the following:

(1) Twenty percent (20 [percent]) of the amount of the total contributions made by the taxpayer to an account or accounts of a college choice 529 education savings plan during the taxable year.

(2) One thousand dollars (\$1,000).

(3) The amount of the taxpayer's adjusted gross income tax imposed by [IC 6-3-1](#) through [IC 6-3-7](#) for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by [IC 6-3-1](#) through [IC 6-3-7](#).

Taxpayers have provided sufficient information to conclude that the contribution was in fact made to an account in calendar year 2007, and therefore Taxpayers were eligible for the credit that they claimed for tax year 2007.

Taxpayers also protested the penalty and interest on the assessment. Because the assessment is abated in full, Taxpayers' protest of these issues is moot.

FINDING

Taxpayers' protest is sustained.

Posted: 10/28/2009 by Legislative Services Agency
An [html](#) version of this document.