

Letter of Findings: 01-20130239
Individual Income Tax
For the 2010 and 2011 Tax Years

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ISSUES

I. Individual Income Tax—Taxable Income.

Authority: IC § 6-8.1-5-1; Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue, 867 N.E.2d 289 (Ind. Tax Ct. 2007).

Taxpayer protests the imposition of adjusted gross income tax resulting from adjustments made to its federal taxable income.

STATEMENT OF FACTS

Taxpayer operates a welding business as a sole proprietorship. The Indiana Department of Revenue ("Department") conducted an income tax investigation of Taxpayer for the 2010 and 2011 tax years. After the investigation, the Department determined that Taxpayer owed additional individual income tax and assessed tax for the 2010 and 2011 tax years. Taxpayer protested the assessment. An administrative hearing was conducted, and this Letter of Findings results. Further facts will be supplied as required.

I. Individual Income Tax—Taxable Income.

DISCUSSION

As a threshold matter, all tax assessments are prima facie evidence that the Department's claim for the tax is valid; the taxpayer bears the burden of proving that any assessment is incorrect. IC § 6-8.1-5-1(c); Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007).

The Department conducted an audit of Taxpayer's business records and tax returns. After reviewing the Taxpayer's documents, the Department determined that Taxpayer had under-reported its gross income. Therefore, the Department made the appropriate adjustments.

Taxpayer disagreed with the amounts that the Department determined were owed. Taxpayer presented amended Indiana income tax returns for each of the tax years in question to provide revised schedules of income. While the revised returns attempted to close the gap between Taxpayer's reported income and the income determined by the Department, neither the Taxpayer nor Taxpayer's representative provided the additional documentation to support all of the adjustments proposed on these revised Indiana returns nor to support Taxpayer's position regarding Taxpayer's under-reporting.

Taxpayer has the obligation to prepare a careful, methodical, and detailed factual presentation of the evidence sufficient to refute the conclusions contained within the Department's investigation report. In order to meet its burden, the taxpayer must "walk" the Hearing Officer through each element of the taxpayer's proffered evidence; Taxpayer does not meet its burden by presenting amended returns, without invoices, receipts, daily recaps, or other supporting documentation. Amended returns, without more, only serve as conclusory statements in the hope that those returns or statements will speak for themselves. Taxpayer's amended returns and additional explanation proffered during the hearing do not sufficiently refute the information or the results reached by the Department. Therefore, Taxpayer's protest to the imposition of income tax based upon the general acceptance of the amended returns is denied.

FINDING

Taxpayer's protest is respectfully denied.

Posted: 12/25/2013 by Legislative Services Agency
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