

**Letter of Findings: 01-20181667
Individual Income Tax
For the Year 2015**

NOTICE: IC § 6-8.1-3-3.5 and IC § 4-22-7-7 require the publication of this document in the Indiana Register. This document provides the general public with information about the Department's official position concerning a specific set of facts and issues. This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Letter of Findings.

HOLDING

Indiana Individual failed to meet her statutory requirement of establishing that the Department erred in modifying her originally reported 2015 Indiana adjusted gross income to comport with the federal adjusted gross income as required by Indiana law.

ISSUE

I. Individual Income Tax - Federal Adjustment.

Authority: IC § 6-3-1-3.5(a); IC § 6-3-2-1(a); IC § 6-3-2-2(a); IC § 6-8.1-5-1(c); I.R.C. § 62; *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480 (Ind. Tax Ct. 2012); *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007).

Taxpayer argues that the Indiana Department of Revenue erred when it assessed Taxpayer additional Indiana income tax based upon an adjustment to her reported federal adjusted gross income.

STATEMENT OF FACTS

Taxpayer is an individual who filed an Indiana income tax return. On that return, Taxpayer reported receiving approximately \$69,000 in federal adjusted gross income. The Indiana Department of Revenue ("Department") received the return and, after reviewing the return, adjusted the income amount to approximately \$74,000. The Department's adjustment was based on information available from Taxpayer's federal 2015 return. The Department sent Taxpayer a June 2018 letter explaining the adjustment.

The assessment being protested is the result of a discrepancy between your Federal Adjusted Gross Income . . . amount compared to the amount indicated on line 1 of your Indiana state return. If you were a full year resident of Indiana, the Federal Adjusted Gross Income amount must match the amount of line 1 of your Indiana state return.

The adjustment resulted in a proposed assessment of additional Indiana income tax. Taxpayer disagreed with the additional assessment and submitted a protest to that effect. On her protest submission form, Taxpayer asked for a "Final determination with a hearing." Taxpayer provided a copy of an IRS "record of account."

That hearing was conducted by telephone and this Letter of Findings results.

I. Individual Income Tax - Federal Adjustment.

DISCUSSION

Taxpayer argues that the federal adjusted gross income reported on her original 2015 return (\$69,000) was correct and that the Department erred in adjusting that amount to \$74,000. As a result, Taxpayer concludes that the resulting assessment of additional tax - approximately \$260 - is unjustified.

As a threshold issue, it is the Taxpayer's responsibility to establish that the \$400 tax assessment is incorrect. As stated in IC § 6-8.1-5-1(c), "The notice of proposed assessment is prima facie evidence that the department's claim for the unpaid tax is valid. The burden of proving that the proposed assessment is wrong rests with the

person against whom the proposed assessment is made." *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007).

Thus, any taxpayer challenging an assessment is required to provide documentation explaining and supporting his or her challenge that the Department's position is wrong. Poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480, 486 n.9 (Ind. Tax Ct. 2012).

Indiana imposes a tax "on the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person." IC § 6-3-2-1(a). IC § 6-3-2-2(a) specifically outlines what is income derived from Indiana sources and subject to Indiana income tax. For Indiana income tax purposes, the presumption is that taxpayers file their federal income tax returns as required pursuant to the Internal Revenue Code. In computing what is considered the taxpayers' Indiana income tax, IC § 6-3-1-3.5(a) refers to the Internal Revenue Code. IC § 6-3-1-3.5(a) states that - with certain modifications specific to Indiana law - I.R.C. § 62 defines "adjusted gross income" for Indiana taxpayers.

In this case, the Department modified the adjusted gross income reported on Taxpayer's 2015 Indiana return (\$69,000) to comport with the amount calculated on her federal return (\$74,000). In response to her initial protest, Taxpayer provided a copy of the IRS "record of account" to buttress her argument. Unfortunately, the record of account does not support Taxpayer's argument but simply mimics the adjustment made by Indiana. The record of account verifies that Taxpayer received \$74,000 in federal adjusted gross income. Taxpayer has provided no information establishing that the adjustment made to comport with I.R.C. § 62 was incorrect and has failed to meet the statutory requirement - common to any Indiana assessment - that the \$400 assessment of additional Indiana income tax was "wrong." IC § 6-8.1-5-1(c).

FINDING

Taxpayer's protest is respectfully denied.

October 5, 2018

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