

**Letter of Findings: 01-20182294
Individual Income Tax
For the Tax 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 This document is effective as of its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Individual failed to provide documentation supporting her position that the Department's proposed assessment of additional Indiana individual income tax was incorrect for the year at issue.

ISSUE

I. Income Tax-Federal Discrepancy Assessment.

Authority: IC § 6-8.1-5-1; IC § 6-3-2-2; IC § 6-3-2-1; IC § 6-3-1-3.5; *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *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); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480 (Ind. Tax Ct. 2012).

Taxpayer protests the imposition of Indiana individual income tax for tax year 2015.

STATEMENT OF FACTS

Taxpayer filed her 2015 Indiana tax return on April 17, 2016. On her return, Taxpayer claimed an amount due of \$10, which Taxpayer paid. In August of 2018, based on information from the Internal Revenue Service (IRS), the Indiana Department of Revenue ("Department") adjusted Taxpayer's 2015 return which resulted in additional tax liability of \$1,315. The Department issued Taxpayer a proposed assessment for the increase in base tax, plus penalty and interest. Taxpayer protested the assessment and waived her right to a hearing. Thus, this Letter of Findings is based on the information available to the Department and provided in Taxpayer's protest file. Additional facts will be provided as necessary.

I. Income Tax-Federal Discrepancy Assessment.

DISCUSSION

Due to an adjustment to Taxpayer's 2015 Federal income tax return, the Department adjusted Taxpayer's Indiana 2015 tax return, resulting in additional tax liability. The Department assessed Taxpayer for the liability plus penalty and interest. Taxpayer protested the assessment but waived her right to a hearing.

As a threshold issue, all tax assessments are *prima facie* evidence that the Department's claim for unpaid tax is valid; the taxpayer bears the burden of proving that any assessment is incorrect. IC § 6-8.1-5-1(c); *Indiana Dep't. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2011); *Lafayette Square Amoco, Inc. v. Indiana Dep't. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007). Consequently, the taxpayer is required to provide documentation explaining and supporting its 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. 2011).

Indiana imposes an adjusted gross income tax on all residents. IC § 6-3-2-1(a). A taxpayer's Indiana income is determined by starting with the federal adjusted gross income and making certain adjustments. IC § 6-3-1-3.5(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 properly and correctly file their federal income tax returns as required pursuant to the Internal Revenue Code. Thus, to efficiently and effectively

compute what is considered the taxpayer's Indiana income tax, the Indiana statute refers to the Internal Revenue Code. IC § 6-3-1-3.5(a) provides the starting point to determine the taxpayer's taxable income and to calculate what would be their Indiana income tax after applying certain additions and subtractions to that starting point.

In August of 2018 the Department adjusted Taxpayer's 2015 Indiana income tax return based on information it received from the IRS. The Department then issued Taxpayer a proposed assessment as a result of the adjustment. In November of 2018, Taxpayer filed a protest of the assessment. Along with the protest letter, Taxpayer submitted a "Protest Submission Form" in which she opted to forgo an administrative hearing.

In her protest letter, Taxpayer states that she "already made payments for a tax lien for the 2015 period. . . ." Taxpayer provided a copy of a warrant issued on December 31, 2016 which was "satisfied and released" on November 21, 2017. The Department reviewed Taxpayer's protest and the warrant and determined that the warrant was related to a different tax liability and was separate from the liability at issue. Thus, in a letter to Taxpayer dated November 9, 2018, the Department informed Taxpayer that the current assessment "is the result of a discrepancy between your Federal Adjusted Gross Income (FAGI) amount compared to the amount indicated on line 1 of your Indiana state return." The letter went on to state that if Taxpayer disagrees with the adjustment, she should provide a copy of her 2015 Federal Record of Account Transcript to the Department by December 14, 2018. The Department's letter also provided two means through which Taxpayer could obtain her Federal Record of Account Transcript. Taxpayer has failed to provide this documentation.

As stated above, it is the Taxpayer's burden to prove that the Department's assessment is incorrect. In doing so, the Taxpayer is required to provide documentation to support her position. Without Taxpayer's Federal Record of Account Transcript, the Department cannot begin to determine whether or not Taxpayer's original return was correct, as argued by Taxpayer. Thus, Taxpayer has failed to meet her burden under IC § 6-8.1-5-1(c). Taxpayer's protest is denied.

FINDING

Taxpayer's protest is denied.

February 20, 2019

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