

DEPARTMENT OF STATE REVENUE

01-20190904R.MOD

**Memorandum of Decision: 01-20190904R
Individual Income Tax
For the Tax Year 2015**

NOTICE: IC § 4-22-7-7 permits the publication of this document in the Indiana Register. The publication of this document provides the general public with information about the Indiana Department of Revenue's official position concerning a specific set of facts and issues. The "Holding" section is provided for the convenience of the reader and is not part of the analysis contained in this document.

HOLDING

Individual provided documentation supporting his refund claim. Thus Individual is entitled to his refund.

ISSUE

I. Income Tax-Federal Discrepancy.

Authority: IC § 6-3-2-2; IC § 6-3-2-1; IC § 6-3-1-3.5.

Taxpayer protests the Department's refund denial.

STATEMENT OF FACTS

Taxpayer filed an amended return for 2015. The Indiana Department of Revenue ("Department") denied Taxpayer's refund claim because Taxpayer did not provide a verification of his income via a Federal Account Transcript. Taxpayer protested the refund denial. An administrative hearing was held and this Letter of Findings ensues. Additional facts will be provided as necessary.

I. Income Tax- Federal Discrepancy.

DISCUSSION

The Department denied Taxpayer's refund claim because he failed to provide the Federal Account Transcript to verify Taxpayer's amended return. Taxpayer originally provided his Federal amended return to substantiate his amended Indiana return.

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.

Taxpayer protests the refund denial and during the protest process provided his IRS 2015 Account Transcript. The account transcript shows that the federal adjusted gross income matches the Indiana amended return. Taxpayer has properly substantiated his refund claim and his protest is therefore sustained.

FINDING

Taxpayer's protest is sustained.

October 16, 2019

Posted: 12/25/2019 by Legislative Services Agency
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