

**Letter of Findings: 01-20200453**  
**Individual Adjusted Gross Income Tax**  
**For the Year 2019**

**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 It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register.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 the document will provide the general public with information about the Department's official position concerning a specific issue.

**HOLDING**

Out-of-State Individual made an error in completing his 2019 Indiana income tax return which resulted in an assessment of additional income tax; the Department found that the error should be corrected in order to correctly reflect the Individual's taxable Indiana income tax.

**ISSUE**

**I. Indiana Adjusted Gross Income Tax - Reporting Indiana Source Income.**

**Authority:** IC § 6-8.1-5-1; *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dep't of Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007).

**STATEMENT OF FACTS**

Taxpayer is an Illinois resident who files Indiana income tax returns. Taxpayer timely filed his 2019 IT-40PNR (Part-Year or Full-Year Nonresident Individual Income Tax Return). On that return, Taxpayer reported approximately \$25,000 in income. The Indiana Department of Revenue reviewed the return. That review resulted in a proposed assessment of additional income tax on the ground that Taxpayer had underreported his taxable income.

Taxpayer disagreed with the proposed assessment and submitted a protest to that effect. An administrative hearing was conducted by telephone during which Taxpayer explained the basis for the protest. This Letter of Findings results.

**I. Indiana Adjusted Gross Income Tax - Reporting Indiana Source Income.**

**DISCUSSION**

The issue is whether Taxpayer has met his burden of establishing that the assessment of additional Indiana income tax was wrong.

As with any assessment, it is Taxpayer's responsibility to establish that this particular 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).

A review of Taxpayer's Indiana return reveals an error which led to the proposed assessment. On Schedule A Section 1 Column A, Taxpayer reported approximately \$25,000 in "taxable interest income" carried over from his federal return. In Column B, Taxpayer reported that same amount. However, on line 20 of that same page, Taxpayer reported approximately \$25,000 in "other income reported on your federal return."

As a result, the Department calculated that Taxpayer underreported his income by 100 percent. That calculation resulted in the assessment of the additional tax.

A review of Taxpayer's Illinois return confirms that Taxpayer intended to report \$25,000 in taxable income. Taxpayer should not have entered \$25,000 the second time. There is nothing to indicate that Taxpayer's taxable income was \$50,000.

Taxpayer made a simple mistake in filling out the 2019 Indiana return, but the Department should correct that error and abate any portion of the proposed assessment attributable to the filing error.

**FINDING**

Taxpayer's protest is sustained.

March 18, 2021

*Posted: 06/02/2021 by Legislative Services Agency*  
An [html](#) version of this document.