

Letter of Findings: 01-20221359
Indiana Individual Income Tax
for the Tax Year 2018

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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Individual demonstrated that she was responsible for additional Indiana income tax for the 2018 tax year.

ISSUE

I. Indiana Individual Income Tax - Burden of Proof.

Authority: IC § 4-10-22-5; IC § 6-3-1-3.5; IC § 6-3-2-1; IC § 6-8.1-5-1; IC § 6-8.1-9-2; *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); *Miller Brewing Co. v. Indiana Dep't of State Revenue*, 903 N.E.2d 64 (Ind. 2009); *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 Department's assessment of individual income tax for 2018.

STATEMENT OF FACTS

Taxpayer is an Indiana resident who filed a 2018 married-filing-jointly Indiana Full-Year Resident Individual Income Tax Return ("IT-40 Form") and received a tax refund in 2019.

In March 2022, the Indiana Department of Revenue ("Department") determined that, for the 2018 tax year, Taxpayer had approximately \$16,000 in federal adjusted gross income beyond what was reported on her 2018 IT-40 Form. The Department concluded that Taxpayer owed additional Indiana and county income tax and, as a result, assessed Taxpayer additional income tax and interest.

Taxpayer protested the assessment and requested that the Department make the determination without an administrative hearing. This Letter of Findings ensues and is based on the documents submitted in protest and on information within the Department's records. Additional facts will be provided as necessary.

I. Indiana Individual Income Tax - Burden of Proof.

DISCUSSION

The Department determined that Taxpayer had an additional \$16,000 in federal adjusted gross income not reported on her original 2018 IT-40 Form. As a result, the Department assessed Taxpayer additional income tax and interest, totaling approximately \$900.

Taxpayer stated that in 2021, the Internal Revenue Service ("IRS") adjusted her 2018 filing and accepted her supporting documents and additional payments. As such, she claimed that the issue has been resolved. The issue is whether Taxpayer demonstrated that she was not responsible for additional Indiana income tax.

As a threshold issue, all tax assessments are *prima facie* evidence that the Department's claim for the unpaid 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); *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2012). "[E]ach assessment and each tax year stands alone." *Miller Brewing Co. v. Indiana Dep't of State Revenue*, 903 N.E.2d 64, 69 (Ind. 2009). Thus, the taxpayer is required to provide documentation explaining and supporting her challenge that the Department's

assessment 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). To compute what is considered the resident/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 his or her Indiana income tax after applying certain additions and subtractions to that starting point, with modifications thereafter.

In this instance, in March 2022, the Department determined that Taxpayer had an additional \$16,000 in federal adjusted gross income not reported in her original 2018 return. In August 2022, the Department requested that Taxpayer provide a copy of her federal account transcript to support her protest. Taxpayer did so promptly.

Upon review, however, Taxpayer's supporting documentation demonstrated that, for the tax year in question, Taxpayer had approximately an additional \$16,000, which was subject to Indiana and county income tax. In other words, based on the IRS adjustment in May 2021, Taxpayer had an additional \$16,000 adjusted gross income which would have been subject to Indiana and county income tax as well. Taxpayer did not file an amended Indiana return to report that IRS adjustment. Therefore, pursuant to IC § 6-8.1-5-1(c), the Department's assessment is correct.

Finally, it should be noted that in August 2022, Taxpayer and her spouse were determined to be qualifying individuals to receive the Automatic Taxpayer Refund ("ATR") under Indiana law. The total \$650 ATR refund has been offset pursuant to IC § 4-10-22-5 and IC § 6-8.1-9-2 and applied to Taxpayer's 2018 outstanding liability. As such, Taxpayer is responsible for the remaining balance due.

FINDING

Taxpayer's protest is respectfully denied.

September 7, 2022

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