

**Letter of Findings: 01-20221491
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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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 did not meet the burden of proving that she was not responsible for additional Indiana income tax for the 2018 tax year.

ISSUE

I. Indiana Individual Income Tax - Burden of Proof.

Authority: IC § 6-3-1-3.5; IC § 6-3-2-1; IC § 6-3-4-2; 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); *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 was an Indiana resident who filed a single 2018 Indiana Full-Year Resident Individual Income Tax Return ("IT-40 Form") electronically and received a tax refund in 2019.

In December 2021, the Indiana Department of Revenue ("Department") determined that, for the 2018 tax year, Taxpayer had approximately \$25,000 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, interest, and penalty.

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 \$25,000 in federal adjusted gross income not reported on her original 2018 IT-40 Form. As a result, the Department assessed Taxpayer additional income tax, interest, and penalty, totaling approximately \$1,500.

Taxpayer disagreed with the assessment and submitted an Account Transcript and a Record of Account issued by the Internal Revenue Service ("IRS") concerning her 2018 filing. 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); *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). As such, the taxpayer is required to provide documentation explaining and supporting her challenge that the 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.

IC § 6-3-4-2(d) further requires that "[w]here a joint return is made by husband and wife pursuant to the Internal Revenue Code, a joint return shall be made pursuant to this article."

In this instance, in 2021, the Department determined that Taxpayer had an additional \$25,000 in federal adjusted gross income not reported in her original 2018 return. Taxpayer disagreed and provided her federal Account Transcript and Record of Account for 2018 to support her protest.

Upon review, Taxpayer's supporting documentation demonstrated that, for the tax year in question, Taxpayer elected to file a "Married Filing Joint" federal return with her spouse. As such, Taxpayer erred in filing a single IT-40 Form, reporting her Indiana and county income tax. Rather, Taxpayer was required to file a joint IT-40 Form. Taxpayer's documents demonstrate further that her federal return had approximately an additional \$25,000, which was subject to Indiana and county income tax. Therefore, pursuant to IC § 6-8.1-5-1(c), the Department's assessment is correct.

FINDING

Taxpayer's protest is respectfully denied.

September 19, 2022

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