

**Letter of Findings: 01-20221153
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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Having filed a joint 2018 federal income tax return, out-of-state resident was required to file a joint Indiana return reporting and accounting for the income earned by her husband.

ISSUE

I. Indiana Individual Income Tax - Filing a Joint Indiana and Joint Federal Income Return.

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); *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007).

Taxpayer argues that the Department's assessment of additional income tax was wrong because she correctly reported her Indiana adjusted gross income.

STATEMENT OF FACTS

Taxpayer and her husband live and work outside Indiana. Taxpayer filed a 2018 Indiana IT-40 ("Indiana Full-Year Resident Income Tax Return"). On that return, Taxpayer reported approximately \$61,000 in federal adjusted gross income.

The Indiana Department of Revenue ("Department") reviewed the return and - after asking Taxpayer for additional information - eventually determined that Taxpayer owed additional Indiana income tax. In a letter dated April 2022, the Department explained as follows:

A review of your Indiana Individual Income tax for the tax period ending December 31, 2018, indicates you owe an additional [approximately \$4,000]. This amount represents the full liability due including all assessed penalties and interest to date.

In a second letter, the Department explained "[y]ou reported more income on your federal return than you did on your state return."

As noted, Taxpayer reported approximately \$61,000 in adjusted gross income. The Department increased that to approximately \$130,000 to comport with the adjusted gross income reported on Taxpayer and husband's joint, federal return.

Taxpayer disagreed with the 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 Individual Income Tax - Filing a Joint Indiana and Joint Federal Income Return.

DISCUSSION

The issue is whether Taxpayer has established that her 2018 Indiana income tax return was correctly filed and that she was not required to report and account for the money earned by her out-of-state husband.

As with any assessment of Indiana listed taxes, it is Taxpayer's responsibility here to establish that the proposed

assessments of tax, interest, and penalty are incorrect. As stated in [IC 6-8.1-5-1\(c\)](#) and Indiana case law, "The notice of proposed assessment is prima facie evidence that the [D]epartment's claim for the unpaid tax is valid, including during an action appealed to the tax court under this chapter. The burden of proving that the proposed assessment is wrong rests with the person against whom the proposed assessment is made." *See also Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007).

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\(b\)](#). [IC 6-3-1-3.5\(a\)](#) provides the starting point in determining the taxpayer's taxable income and to calculate what would be their Indiana income tax after applying any particular additions and subtractions. The statute provides in small part that Indiana adjusted gross income starts with "'adjusted gross income' (as defined in Section 62 of the Internal Revenue Code) . . ."

As noted above, Taxpayer reported one number on her 2018 individual Indiana tax return, but she and her husband reported a different number on their joint federal return.

[IC 6-3-4-2\(d\)](#) requires differentially.

Where 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. Where a joint return is filed by a husband and wife hereunder, one spouse shall have no liability for the tax imposed by this article upon the income of the other spouse.

Indiana law requires Taxpayer to file for and account for the income received by her husband because Taxpayer and her husband filed a joint 2018 federal return. Taxpayer has not established that the Department's proposed assessment is wrong, as required by [IC 6-8.1-5-1\(c\)](#).

FINDING

Taxpayer's protest is respectfully denied.

December 8, 2022

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