

## DEPARTMENT OF STATE REVENUE

01-20221181.ODR

**Final Order Denying Refund: 01-20221181  
Indiana Individual Income Tax  
For the Year 2018**

**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 of this document is provided for the convenience of the reader and is not part of the analysis contained in this Final Order Denying Refund.

**HOLDING**

Taxpayers filed a protest regarding the Department's refund denial for the year 2018, however Taxpayers failed to sufficiently develop the protest's argument.

**ISSUE****I. Individual Income Tax - Claim for Refund.**

**Authority:** [IC 6-3-2-1](#); [IC 6-3-2-2](#); [IC 6-3-1-3.5](#); *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); *Express Scripts Inc. v. Indiana Dep't of State Revenue*, 170 N.E.3d 273 (Ind. Tax Court 2021).

Taxpayers protest the denial of refund claim for the tax year 2018.

**STATEMENT OF FACTS**

On March 1, 2022, the Indiana Department of Revenue ("Department") sent a letter to Taxpayers denying their refund request for the filing period of 2018. Taxpayers, in turn, filed a Protest Submission Form ("Form") protesting the Department's denial of a claim for refund. On the Form Taxpayers checked the box indicating that they wanted a "Final determination without a hearing." This states that Taxpayers waive the right to a hearing and "asks the Department to make its decision based on the written protest and documentation . . . ." Additional facts will be provided as necessary below.

**I. Individual Income Tax - Claim for Refund.****DISCUSSION**

The Department, in a letter dated March 1, 2022, stated that it had "reviewed your claim for refund and must deny it because you will need to provide a 2018 account transcript or record of account from the IRS." Taxpayers then filed a protest with the Department's Legal Division. Although Taxpayers provided documentation with the protest, as will be seen below, it did not suffice. Taxpayers also provided no written explanation of the documentation and no written argument explaining the nature of their protest, instead directing the Department to "review the enclosed" documentation which consisted of a copies of their Indiana IT-40 and IT-40X tax returns for 2018; Indiana's 2018 Underpayment of Estimated Tax schedule; an incomplete copy of their 1040X amended federal return; a copy of IRS refund information and the IRS refund check; a copy of the Department's assessment letter and denial letter; and a copy of the Protest Submission Form.

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 corporations and nonresidents persons.

A taxpayer is required to provide documentation explaining and supporting his or her challenge that the Department's position is wrong. The Indiana Tax Court has noted that 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). A taxpayer, when submitting evidence as part of the taxpayer's protest, needs to specify and explain the portions of the evidence that taxpayer believes to be relevant. As the Indiana Tax Court has previously noted (in the context of a summary judgment motion): "the Court will not consider" exhibits "on the off chance that it might find, on its

own and undirected, some fact that supports" a claim, and "the Court is not required to search for specific facts on which" a party relies. *Express Scripts Inc. v. Indiana Dep't of State Revenue*, 170 N.E.3d 273, 279 (Ind. Tax Court 2021).

In the present case, Taxpayers provided no cogent explanation as to why under Indiana law Taxpayer would be entitled to the refund. Taxpayers' protest does not cite to any statutes, regulations, or cases, as part of the protest. Additionally, the documentation provided by Taxpayers does not show why Taxpayers federal adjusted gross income decreased when Taxpayers amended their return. The kind of information the Department would need, along with a written explanation of the protest, is a *full copy* of both Taxpayers' original federal return and their amended federal return. As was noted in the Department's March 1, 2022, denial letter, the Department also requested that Taxpayers provide a 2018 account transcript or record of account from the IRS, which they failed to provide.

For the reasons cited above, Taxpayers' protest is denied pursuant to *Scopelite*, *Wendt LLP*, and *Express Scripts Inc.* Taxpayers' protest does not constitute a developed argument and does not have sufficient documentation to support their protest.

### FINDING

Taxpayers' protest is denied.

July 24, 2023

*Finding Replaces: New*

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An [html](#) version of this document.