

Letter of Findings: 01-20231523
Individual Indiana Income Tax
For the Year 2019

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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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 has not met the burden of proving that the Department's assessment was incorrect.

ISSUE

I. Indiana Individual Income Tax - Federal Discrepancy.

Authority: [IC 6-3-1-3.5](#); [IC 6-3-2-1](#); [IC 6-8.1-5-1](#); *Dep't of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); *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); [45 IAC 15-5-1](#).

Taxpayer argued that the Department's assessment of additional 2019 income tax was incorrect.

STATEMENT OF FACTS

Taxpayer is an Indiana resident. The Indiana Department of Revenue ("Department") determined that Taxpayer underreported her federal adjusted gross income by approximately \$19,500. An adjustment was made to Taxpayer's federal return, which prompted a review of her Indiana tax return. The Department's review resulted in a proposed assessment of additional 2019 Indiana income tax.

Taxpayer disagreed with the assessment and submitted a protest to that effect. Taxpayer requested a decision without an administrative hearing. This Letter of Findings results. Additional facts will be provided as necessary.

I. Indiana Individual Income Tax - Federal Discrepancy.

DISCUSSION

Taxpayer protests the imposition of additional Indiana income tax for the tax year 2019. The Department based its assessment on information received regarding Taxpayer's federally reported income. Taxpayer protests that the Department incorrectly relied on the federally reported income amount.

As a threshold issue, it is the taxpayer's responsibility to establish that the existing tax assessment is incorrect. A proposed assessment is prima facie evidence that DOR's claim for the unpaid tax is valid. [IC 6-8.1-5-1\(c\)](#). The burden of proving that the proposed assessment is wrong rests with the person against whom the proposed assessment is made. *Id.*; *See e.g., Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2012) and *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007). Consequently, a taxpayer is required to provide documentation explaining and supporting his or her challenge that the Department's position is wrong. Further, "[W]hen [courts] examine a statute that an agency is 'charged with enforcing. . . [courts] defer to the agency's reasonable interpretation of [the] statute even over an equally reasonable interpretation by another party.'" *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579, 583 (Ind. 2014). Thus, all interpretations of Indiana tax law contained within this decision shall be entitled to deference.

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 calculate what would be their Indiana income tax after applying any particular additions and subtractions. The statute provides in part that Indiana

adjusted gross income starts with "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code) . . ." *Id.*

[IC 6-8.1-5-1\(b\)](#), mandates that "[i]f the department reasonably believes that a person has not reported the proper amount of tax due, the department *shall make* a proposed assessment of the amount of the unpaid tax on the basis of the best information available." (*Emphasis added*) See also [45 IAC 15-5-1](#).

A review of the federal transcript provided to the Department by Taxpayer indicated that she reported - and the IRS adjusted - the federal adjusted gross income ("AGI") amount on her 2019 federal return. Using the adjusted federal AGI, the Department adjusted Taxpayer's Indiana AGI from approximately \$45,000 to approximately \$64,500. The adjusted Indiana AGI then led to further adjustments of Taxpayer's state AGI tax and county tax. This left Taxpayer with a tax balance of approximately \$19,500.

Following a review of both the Indiana and federal documents, the Department correctly calculated its assessment. Taxpayer has not met the burden of proving the proposed assessment wrong, as required by [IC 6-8.1-5-1\(c\)](#).

FINDING

Taxpayer's protest is denied.

July 13, 2023

Finding Replaces: New

Posted: 09/27/2023 by Legislative Services Agency
An [html](#) version of this document.