

Letter of Findings: 01-20231491
Indiana Individual 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 Indiana Department of Revenue'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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Couple protested the Indiana Department of Revenue's ("Department") proposed assessment of additional Indiana individual income tax for the year 2019; couple failed to meet their burden of proof.

ISSUE

I. Individual Income Tax - Proposed Assessment.

Authority: [IC 6-3-1-3.5](#); [IC 6-3-2-1](#); [IC 6-3.6-4-1](#); [IC 6-3-4-16.5](#); [IC 6-8.1-5-1](#); *Indiana Dept. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *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).

Taxpayers protest the proposed assessment of additional Indiana income tax for the year 2019.

STATEMENT OF FACTS

Taxpayers filed a Protest Submission Form ("Protest Form") protesting the Department's proposed assessment of additional Indiana individual income tax for tax year 2019. On the Protest Form Taxpayers checked the box indicating that Taxpayers wanted a "Final determination without a hearing," which means that Taxpayers waived their right to a hearing and were asking "the Department to make its decision based on the written protest and documentation (if any) the taxpayer presents along with the protest. . . ." Additional facts will be provided as necessary below.

Individual Income Tax - Proposed Assessment.

DISCUSSION

The Department's December 14, 2022, "Notice of Proposed Assessment" ("Notice") stated that "[a] review of your Indiana Individual Income tax for the tax period ending December 31, 2019, indicates you owe an additional \$7,395.27. This amount represents the full liability due including all assessed penalties and interest to date." The Notice's "Explanation for this Assessment" states that the Department "has determined your reported federal adjusted gross income (FAGI) is understated based on information received from external third-party sources," which "include information from the Internal Revenue Service (IRS), employer wage information, or other income reported to DOR by the payer." Further the Notice also states in part:

This bill is for the state and county tax amount due for this underreported income. If you were a part year resident or non-resident of Indiana for this period, please submit a copy of your tax return filed with the other state(s) to verify all income was reported.

Taxpayers provided a copy of their I.R.S. "Record of Account" for tax period ending December 31, 2019. Taxpayers state in their written protest:

I have reviewed my documents and feel like I have paid the appropriate amount to the State of Indiana. Further, there is an 'Other' line-item in the amount of \$2,120.00, with no supporting information to support this assessment.

Indiana imposes an adjusted gross income tax on all residents. [IC 6-3-2-1\(a\)](#). Taxpayers' Indiana income is determined by starting with the federal adjusted gross income and making certain adjustments. [IC 6-3-1-3.5\(a\)](#). [IC 6-3.6-4-1](#) states that "[a] tax is imposed on the adjusted gross income of local taxpayers at a rate . . . imposed by the county's adopting body and in effect in the county."

As a threshold issue, it is the Taxpayers' responsibility to establish that the existing tax assessment is incorrect. As stated in [IC 6-8.1-5-1\(c\)](#), "[t]he notice of proposed assessment is prima facie evidence that the [D]epartment's claim for the unpaid tax is valid. The burden of proving that the proposed assessment is wrong rests with the person against whom the proposed assessment is made." *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). Consequently, 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).

In the present case, a review of Taxpayers' file shows that there is a difference between Taxpayers' federal adjusted gross income and what they reported to Indiana. That difference appears to be due to a 1099-R that Taxpayers received. Taxpayers did not provide a copy of that 1099-R so that the Department could determine if Indiana state and county income tax was withheld to allow additional Schedule 5 credits. Form 1099-R is used for "distributions from pensions, annuities, retirement or profit sharing plans, IRAs, insurance contracts, or like distributions[.]" See [IC 6-3-4-16.5\(a\)\(3\)](#) regarding Form 1099-R. Thus, Taxpayers have not met their burden of proving the proposed assessment is wrong, as required under [IC 6-8.1-5-1\(c\)](#). Taxpayers also made no argument regarding the penalty and interest.

FINDING

Taxpayers' protest of the proposed assessment, including penalty and interest, is denied.

August 22, 2023

Finding Replaces: New

Posted: 11/01/2023 by Legislative Services Agency
An [html](#) version of this document.