

Letter of Findings: 01-20221089
Indiana Individual Income Tax
For the 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 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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Married couple protested the Indiana Department of Revenue's proposed assessment of additional Indiana individual income tax for the year 2018. Couple did not meet their statutory burden of proving the proposed assessment wrong.

ISSUE

I. Individual Income Tax - Proposed Assessment.

Authority: [IC 6-3-2-1](#); [IC 6-3-1-3.5](#); [IC 6-8.1-5-1](#); *Dept. of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); *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).

Taxpayers protest the proposed assessment of additional Indiana state income tax for tax year 2018.

STATEMENT OF FACTS

Taxpayers are a married couple. The Indiana Department of Revenue ("Department") issued to Taxpayers a notice of proposed assessment for additional Indiana state income tax for the tax year 2018. Taxpayers filed a Protest Submission Form ("Form") protesting the Department's proposed assessments. On the form Taxpayers checked the box indicating that they wanted a "Final determination without a hearing," which states that in forgoing the hearing that Taxpayers "ask[] the Department to make its decision based on the written protest and documentation (if any) the taxpayer presents along with the protest" and that the Taxpayers "waive[] the right to a hearing." Additional facts will be provided as necessary below.

I. Individual Income Tax - Proposed Assessment.

DISCUSSION

In a letter dated December 16, 2021, the Department stated that a "review of your Indiana Individual Income tax for the tax period ending December 31, 2018, indicates you owe an additional \$64.79. This amount represents the full liability due including all assessed penalties and interest to date." The Department's letter also stated, in pertinent part, that the Department had "determined your reported federal adjusted gross income is understated based on information received from external third-party sources," which could include "employer wage information or other income reported to the Indiana Department of Revenue by the payer, as well as information received from the Internal Revenue Service." The Department's letter goes on to state that a "late payment penalty has been assessed" along with interest being "calculated on all unpaid taxes. . ."

As a threshold issue, it is Taxpayer's 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. 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.*

Indiana imposes an adjusted gross income tax on all residents. [IC 6-3-2-1\(a\)](#). Taxpayer's Indiana income is determined by starting with the federal adjusted gross income and making certain adjustments. [IC 6-3-1-3.5\(a\)](#).

Turning to Taxpayers' argument, they state:

Enclosed please find an Account Transcript that I requested from the Federal Internal Revenue Service pertaining to my 2018 Federal tax return. The information shows that there was an adjustment to the amounts reported for Adjusted Gross Income and the Taxable Income. Because of that I received a refund plus interest of [] from the amount of [] that I originally paid when I sent my Federal return.

Further, Taxpayers state:

When I filed my 2018 Indiana State Tax Return I had the wrong amount for the Federal Adjusted Gross Income [. . .] and I did not enter the correct amount on Schedule 2, line 5-Taxable Social Security Benefits. . . .

Although Taxpayers did provide a copy of their federal account transcript, Taxpayers did not provide a copy of their 2018 federal income tax return, thus the Department is unable to verify that the social security benefits deduction should be increased on their 2018 Indiana income tax return (which is in effect Taxpayers argument). Taxpayers did not protest or develop any argument regarding the penalty and interest. Taxpayers have not met the burden imposed under [IC 6-8.1-5-1\(c\)](#) of proving the proposed assessment is incorrect.

FINDING

Taxpayers' protest is denied.

September 29, 2023

Finding Replaces: New

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