

**Letter of Findings: 01-20231580**  
**Individual Indiana 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 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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Indiana Individual established that the amount of his 2018 federal adjusted gross income, as originally reported, was wrong. Indiana law required the Department to adjust the amount to comport with the adjusted gross income indicated on his federal return.

### ISSUE

#### I. Indiana Individual Income Tax - Federal Adjusted Gross Income.

**Authority:** [IC 6-3-1-3.5](#); [IC 6-3-2-1](#); [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); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480, (Ind. Tax Ct. 2012); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); *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 the Department's failed to correctly record his federal adjusted gross income.

### STATEMENT OF FACTS

Taxpayer is an Indiana resident who routinely files federal and Indiana income tax returns. Taxpayer filed a 2018 Indiana income tax return with the expectation that he would receive a refund.

The Indiana Department of Revenue ("Department") reviewed the Indiana return. The Department concluded that Taxpayer failed to establish that he was entitled to a refund. In a letter dated January 2023, the Department explained, "A copy of the federal record of account must be submitted."

Taxpayer submitted a protest challenging the Department's decision denying the refund and and issued an assessment to reflect what it believed was the correct amount of federally reported income. In his protest, Taxpayer asked for a "[f]inal determination without a hearing." This Letter of Findings results.

#### I. Indiana Individual Income Tax - Federal Adjusted Gross Income.

### DISCUSSION

The issue is whether Taxpayer has established that the amount of his federal adjusted gross income ("AGI") originally recorded by the Department was wrong. As Taxpayer explained, as a result of a subsequent federal adjustment, "[O]ur tax liability decreased." The amount originally relied upon by the Department indicated that Taxpayer received approximately \$78,000 in federal AGI.

In contrast, the amended return - the return Taxpayer believed would generate a refund - reflected federal AGI of approximately \$54,000.

Taxpayer explained why he objected to the Department's assessment.

I have included the [federal] account transcript that clearly shows when our taxes were amended through the IRS and the amounts that should be used by [the Department] . . . .

Indiana imposes a tax "upon 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 specific 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) . . ." *Id.*

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). If a taxpayer provides only a poorly developed or non-cogent argument, the Department will treat that argument as having been waived. *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).

The issue is easily resolved by reviewing and then verifying the federal transcript by Taxpayer from the IRS and then provided to the Department. In this case, the transcript indicates that Taxpayer received approximately \$54,000 in federal AGI in 2018. Therefore, the Department's own Taxpayer account should be adjusted to comport with the \$54,000 amount.

As to this protest, Taxpayer is sustained because the Department is bound by the information available and because Taxpayer has met his statutory burden under [IC 6-8.1-5-1](#)(c) of establishing that the Department's refund denial and resulting assessment was wrong.

#### FINDING

Taxpayer's protest is sustained.

September 12, 2023

*Finding Replaces: New*

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