

**Letter of Findings: 01-20232077**  
**Individual Income Tax**  
**For The Year 2022**

**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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Individual failed to establish that the Department's assessment for additional tax was incorrect.

#### I. Individual Income Tax - Federal Discrepancy.

**Authority:** IRC § 62; [IC 6-3-1-3.5](#); [IC 6-3-2-1](#); [IC 6-3-2-2](#); [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).

Taxpayer protests the Department's assessment of additional individual income tax.

### STATEMENT OF FACTS

Taxpayer is an Ohio resident. In 2022, Taxpayer was employed by an Indiana company. Taxpayer filed a federal income tax return and an Indiana individual income tax return. After reviewing Taxpayer's return, the Indiana Department of Revenue ("Department") determined that he owed additional Indiana income tax and issued a Notice of Proposed Assessment. Taxpayer protested this assessment. An administrative hearing was held, and this Letter of Findings results. Additional facts will be provided as necessary.

#### I. Individual Income Tax - Federal Discrepancy.

### DISCUSSION

The Department determined that Taxpayer owed additional Indiana income tax after reviewing information related to his 2022 Indiana income tax return. Taxpayer disagreed and protested the assessment. In support of his protest, Taxpayer provided a copy of his 2022 Form 1040 federal individual income tax return and a comparison of his Form IT-40 individual Indiana income tax returns from 2021 and 2022, as generated by a tax preparing software.

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 the Department's claim for 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.* Consequently, a taxpayer must provide documentation explaining and supporting that the Department's position is wrong. See *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). Additionally, "[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).

Indiana imposes a tax "upon the adjusted gross income of every resident person." [IC 6-3-2-1](#). [IC 6-3-2-2\(a\)](#) outlines what qualifies as income derived from Indiana sources and subject to Indiana income tax. The starting point for determining Indiana income tax is the taxpayer's federal adjusted gross income ("FAGI") as defined in I.R.C. § 62, which taxpayers are directed to enter on their Indiana return before making modifications that are outlined in [IC 6-3-1-3.5](#).

Taxpayer stated during the hearing that, for 2022, he filed a federal individual income tax return, an Indiana individual income tax return, and an Ohio individual income tax return. Taxpayer claimed that the Department's

assessment was a result of an incorrect mailing address on his W-2. He states that he has lived and worked in Ohio since 2021, but his address had not been corrected on his paystub.

After reviewing documentation provided by the Taxpayer as well as the Department's own records, the assessment was not a result of a failure to update Taxpayer's residence on his paystubs. Rather, on Taxpayer's Indiana individual income tax return, Taxpayer took a \$1,000 deduction for net operating losses and two \$1,000 deductions for donations made to charitable organizations. Upon a review of Taxpayer's Indiana individual income tax return, the Department disallowed all three of these deductions, which resulted in an adjustment to Taxpayer's adjusted gross income and, ultimately, the proposed assessment at issue.

During the hearing, Taxpayer did not provide any argument or documentation regarding net operating losses or his contributions to charitable organizations to support his protest. Therefore, the Department cannot agree with Taxpayer that the assessment for additional Indiana income tax was incorrect.

### **FINDING**

Taxpayer's protest is denied.

February 16, 2024

*Replaces Finding Document at: New*

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