

**Letter of Findings: 01-20231557**  
**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 This document is effective on its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register.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

Individual protested the Indiana Department of Revenue's proposed assessment of additional Indiana individual income tax for the year 2019 and was able to meet the statutory burden of proof.

### 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).

Taxpayer protested the proposed assessment of additional Indiana state income tax for tax year 2019.

### STATEMENT OF FACTS

The Indiana Department of Revenue ("Department") issued to Taxpayer a Notice of Proposed Assessment ("Notice") for additional Indiana state income tax for the tax year 2019. Taxpayer filed a Protest Submission Form ("Form") protesting the Department's proposed assessment. This final determination is written based upon the protest file. More facts will be provided as needed below.

#### I. Individual Income Tax - Proposed Assessment.

### DISCUSSION

In a letter dated February 7, 2023, the Department stated that a "review of your Indiana Individual Income tax for the tax period ending December 31, 2019, indicates that you owe an additional \$189.87." The Department's letter also stated, in pertinent part, that the Department:

[H]as determined your reported federal adjusted gross income is understated based on information received from external third-party sources. The sources 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" and that "[i]nterest on all unpaid taxes is calculated beginning on the due date of the return or payment and ending on the date the base tax liability is paid in full."

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." *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). 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.*

Indiana imposes an adjusted gross income tax on all residents. [IC 6-3-2-1\(a\)](#). The Indiana Code also addresses when a taxpayer is a resident of Indiana "for a period of less than the taxpayer's entire taxable year[.]" [IC 6-3-1-3.5\(a\)\(9\)](#); see also [IC 6-3-2-1\(b\)](#). 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 Taxpayer's argument, he states in relevant part regarding the Department's Notice:

For 2019, I initially filed my IT-40 via TurboTax, with an Indiana AGI of \$359. Subsequently, I received an additional W-2 form and filed an amended IT-40. The Indiana AGI was restated to \$3,428.

Taxpayer states that in 2019 he was "a full-time student" and that the Indiana income taxes that he owed "amounted to \$162, the amount of the Proposed Assessment before penalty and interest." Taxpayer further states that his "Indiana Tax Credits as filed on the amended IT-40 were \$195, resulting in a \$33 refund."

In Taxpayer's case, the Department was able to confirm in its system the W-2 information at issue. Thus, Taxpayer has met the burden imposed under [IC 6-8.1-5-1\(c\)](#) of proving the proposed assessment is incorrect. Taxpayer has also met his burden as it pertains to any penalty, interest, or other fees, as applicable. The Department is instructed to make the required adjustments.

### FINDING

Taxpayer's protest is sustained.

February 27, 2024

*Replaces Finding Document at: New*

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