

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 13196
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

On October 14, 1998, the Tax Discovery Bureau of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (taxpayer), proposing income tax, penalty and interest for the taxable years 1995 and 1996 in the total amount of \$9,758.

On December 9, 1998, a timely protest and petition for redetermination was filed by the taxpayer's accountant. An informal hearing was set for January 27, 2000, but the taxpayer did not follow through with the hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying the NOD.

Information obtained [Redacted] showed that the taxpayer had income in excess of the filing requirement.

On December 9, 1997, the Tax Discovery Bureau sent a letter with a questionnaire to the taxpayer to help the Commission properly determine the taxpayer's filing requirement. The taxpayer did not respond to this letter.

[Redacted].

On July 13, 1999, the tax enforcement specialist sent the case to the legal/tax policy division so that the taxpayer could further pursue his rights to appeal the NOD.

On July 23, 1999, a hearing rights letter was sent to the taxpayer's representative. On July 30, 1999 the taxpayer's representative sent the Commission a letter revoking her power of

attorney.

On September 13, 1999, a hearing rights letter was sent to the taxpayer to inform him of his alternatives for redetermining a protested deficiency determination. A follow-up letter was sent on November 12, 1999.

In a letter dated December 10, 1999, the taxpayer requested a hearing before the Commission.

A telephone informal hearing was scheduled for January 27, 2000. The taxpayer was to initiate the call but failed to do so.

The Tax Policy Specialist (specialist) sent a letter to the taxpayer on June 6, 2000 to thank him for sending his 1995, 1996, and 1997 Idaho and federal income tax returns for his S Corporation, [Redacted]. The taxpayer was informed in the letter that, although this was a sign of good faith in trying to resolve this case, the deficiency in this matter was issued to him as an individual for the years 1994, 1995, and 1996. The Commission had received and processed the taxpayer's 1994 Idaho and a copy of his federal individual income tax returns, which would be subject to the normal review process. The taxpayer was informed that he needed to send in his Idaho individual income tax returns and copies of his federal individual income tax returns for the years 1995 and 1996. The taxpayer did not submit these returns to the Commission.

While waiting to receive the taxpayer's individual income tax returns, the specialist reviewed the taxpayer's 1995 and 1996 Idaho [Redacted] income tax returns for his S Corporation, [Redacted]. [Redacted].

A letter was sent to the taxpayer on February 28, 2001 [Redacted]. Another request was made to the taxpayer to send in his 1995 and 1996 Idaho individual income tax returns along with copies of his federal individual income tax returns.

In the letter the taxpayer was informed that if he did not provide an explanation concerning the unreported 1099 income and his individual income tax returns for the years in question within 15 days from the date of the letter, the Commission would issue its decision increasing the original Notice of Deficiency Determination based on all the information currently in his file.

Idaho Code § 63-3002 stated in pertinent part:

It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law . . .

The taxpayer has not provided the Commission with a contrary result to the determination of his income based on information [Redacted], the income reported by his Subchapter S Corporation, or an explanation of the unreported income for his Subchapter S Corporation. Therefore, the Commission must uphold the deficiency as modified.

WHEREFORE, the Notice of Deficiency Determination dated October 14, 1998 as MODIFIED is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1995	\$15,968	\$3,992	\$7,264	\$27,224
1996	9,120	2,280	3,394	<u>14,794</u>
			TOTAL DUE	<u>\$42,018</u>

Interest is computed through December 21, 2001.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2001.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2001, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]
[REDACTED]

Receipt No. [Redacted]

ADMINISTRATIVE ASSISTANT