BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of	)	
	)	DOCKET NO. 13572
[Redacted])		
	)	DECISION
Petitioner.	)	
	)	

On February 23, 1999, the staff of the Income Tax Audit Bureau (Bureau) completed an audit of [Redacted] 1994, 1995 and 1996 income tax returns and issued a Notice of Deficiency Determination.

[Redacted] (Corporation) is an S-corporation that is in the timber and real estate business. The Corporation was incorporated in 1992 and elected S-corporation status in 1994. The audit was a general compliance examination that looked at basis, expense accounts, and related-party transactions.

Two shareholders own all stock in the Corporation – fifty-percent (50%) owned by each shareholder. The Bureau determined that the two shareholders had large personal loans from the Corporation during the years in question. The promissory notes for the loans established a six percent (6%) interest rate on the loans. The Bureau imputed the interest on the loans as income to the Corporation.

On April 24, 1999, the Corporation made a timely protest and request for redetermination. However, the protest did not raise any issues with the Corporation's audit but rather raised issues with the shareholders' audits.

The Tax Commission (Commission) sent the Corporation a hearing rights letter explaining the process of appeal and request for redetermination. The Corporation did not request a hearing and did not provide additional information relating to the Corporation's audit.

Subsequent correspondence from the Corporation indicated that the Corporation did not dispute the audit adjustments.

Since the Corporation does not appear to object to any of the audit adjustments and has not provided additional documentation relating to the Corporation's audit, the Commission hereby upholds the Notice of Deficiency Determination.

WHEREFORE, the Notice of Deficiency Determination dated February 23, 1999, is hereby APPROVED, AFFIRMED, AND MADE FINAL.

An explanation of the taxpayer's right to appeal this decision is included 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]

[Redacted]

Receipt No.: [Redacted]

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