

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 14311
[Redacted],	)	
	)	DECISION
Petitioners.	)	
_____	)	

M. [Redacted], (Petitioners) protest the Notice of Deficiency Determination issued by the auditors for the Idaho State Tax Commission (Commission) dated September 24, 1999. The Notice of Deficiency asserts additional liability for Idaho individual income tax, penalty, and interest in the total amounts of \$2,162, \$472, and \$2,941 for 1995, 1996, and 1997, respectively.

The adjustment for 1996 was based solely upon a federal audit of the petitioners' income tax return. The petitioners contended that the Internal Revenue Service only adjusted alternative minimum tax. They stated that they would submit a copy of the final federal determination to substantiate their position. However, the petitioners submitted no such report. Therefore, the Commission finds that the auditor's adjustment to the petitioners' 1996 liability should be affirmed.

The adjustments made to the taxable income of the petitioners for 1995 and 1997 relate to vehicle expense claimed by the petitioners. The petitioners claimed \$25,570 in unreimbursed employee expenses on their 1995 Idaho income tax return. They provided the auditor with documentation to support some of the expenses claimed. After allowing the expenses documented by the petitioners, the auditor disallowed the remainder of the expenses in the amount of \$20,789.

The petitioners did not provide the auditor with documentation to support the unreimbursed employee expenses claimed on their 1997 Idaho income tax return. Therefore, the auditor disallowed the entire amount claimed, \$31,637.

The petitioners also did not provide documentation relating to the unreimbursed employee expenses claimed on their 1997 income tax return during their administrative appeal. Therefore, the Commission finds that the disallowance by the auditor for 1997 must be affirmed. In addition, information received from Mr. [Redacted] former employer, [Redacted], indicated that he had received reimbursements and additional compensation in the total amount of \$2,594 which had not previously been reported on the petitioners' income tax return for that year. After reviewing the information in the file, the Commission finds that the disallowance of the expenses by the auditor should be affirmed and that the unreported income should be added to the computation of Idaho taxable income.

WHEREFORE, the Notice of Deficiency Determination dated September 24, 1999 is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, AND MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1995	\$1,612	\$ 81	\$661	\$2,354
1996	222	11	73	306
1997	2,724	136	655	<u>3,515</u>
			TOTAL DUE	<u>\$6,175</u>

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

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

IDAHO STATE TAX COMMISSION

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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]Receipt No. [Redacted]  
[REDACTED]

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ADMINISTRATIVE ASSISTANT 1