

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of Protest of)	
)	DOCKET NO. 14636
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

On January 19, 2000, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income taxes, penalties, and interest for the taxable years 1994 through 1996 in the total amount of \$5,686.

On March 21, 2000, Mr. [Redacted] filed a timely appeal and petition for redetermination. Mr. [Redacted] did not request a hearing and did not submit any other information than what was in his protest letter. However, Ms. [Redacted] did provide the Tax Commission with additional information to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) reviewed information it received from the Idaho Department of Labor and compared that information with the income tax returns filed with the Tax Commission. The Bureau found that the taxpayers had wages reported to the Department of Labor in excess of Idaho's filing requirement but they had not filed Idaho income tax returns. The Bureau contacted the taxpayers asking if they were required to file Idaho income tax returns. The taxpayers did not respond to the Bureau's letter.

The Bureau obtained additional information [Redacted]. Using the [Redacted] information from the Department of Labor, the Bureau prepared income tax returns for the taxpayers. The Bureau sent the taxpayers a Notice of Deficiency Determination for the years

1994 through 1996. Mr. [Redacted] protested stating the Bureau used the incorrect marital status, filing status and number of dependants. Mr. [Redacted] asked for a "reasonable amount of time" to re-file the income tax returns.

The Bureau sent the taxpayers two letters after receiving Mr. [Redacted] protest letter. The taxpayers did not respond to either letter. The Tax Commission subsequently sent the taxpayers another two letters asking them to choose a method for redetermining the Notice of Deficiency Determination. Again, the taxpayers did not respond.

Therefore, the Tax Commission began reviewing the taxpayers' case for a decision on the matter. In its review, the Tax Commission found the taxpayers were no longer together. The Tax Commission determined from this that Ms. [Redacted] probably did not get notification of the Notice of Deficiency Determination or any of the other letters the Bureau and the Tax Commission sent. Therefore, the Tax Commission sent Ms. [Redacted] a letter with relevant copies of what had preceded in the matter.

Ms. [Redacted] did contact the Tax Commission and gave the Tax Commission some information regarding their marital status during the years in question and the number of dependants. Ms. [Redacted] also stated she had withholdings on the wages she earned.

The Tax Commission searched its records and found withholdings for Ms. [Redacted] for the taxable year 1995. However, for tax years 1994 and 1996 the Tax Commission could find no withholding information.

The Tax Commission took this new information and compared it with the returns prepared by the Bureau. The Bureau prepared returns for the taxpayers as married filing joint with two personal exemptions. Ms. [Redacted] stated they were married and together during those years. However, the record does not contain anything to show the taxpayers made the

election to file married filing joint returns. Therefore, the Bureau's returns should have shown the taxpayers' filing status as married filing separate.

Ms. [Redacted] stated they had three (3) dependant children during the years in question. The Bureau did not show any children on the returns prepared for the taxpayers. The Tax Commission found Ms. [Redacted] statements regarding their children creditable. Therefore, the Tax Commission allowed three additional exemptions for the taxpayers' children.

Since Idaho is a community property state and the taxpayers did not elect to file a married filing joint return, the Tax Commission divided the additional exemptions between the taxpayers. The Tax Commission also followed the community property rules for the taxpayers' income. Under the community property laws, the taxpayers' total income is treated as being half attributable to Mr. [Redacted] and half attributable to Ms. [Redacted].

Wherefore, the Tax Commission found the Bureau's returns should be modified to reflect a married filing separate status for the taxpayers. The taxpayers' total income, withholdings, and exemptions should be split in accordance with Idaho's community property laws, and the taxpayers should be allowed additional exemptions for their children.

The Bureau applied interest and penalty as provided in Idaho Code §§ 63-3045 and 63-3046(c). The Tax Commission reviewed these additions and found them appropriate.

WHEREFORE, the Notice of Deficiency Determination dated January 19, 2000, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED AND MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1994	\$ 6	\$10	\$ 1	\$ 17
1995	192	8	71	311
1996	355	89	104	<u>548</u>
TOTAL DUE				<u>\$ 876</u>

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 included with this decision.

DATED this _____ day of _____, 2001.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

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 1