

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 14851 |
| [REDACTED], |) | |
| |) | DECISION |
| Petitioners. |) | |
| _____ |) | |

On April 10, 2000, the Tax Discovery Bureau of the Idaho State Tax Commission (Bureau) issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income taxes, penalties, and interest for tax years 1994 and 1997 in the total amount of \$8,047.

The taxpayers filed a timely protest. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

The taxpayers, residents of Idaho during the years in question, appeared to meet the requirements for filing Idaho individual income tax returns. Because they did not file Idaho tax returns, the Bureau issued a deficiency determination based on information retained by the Tax Commission. The information included a transcript of the taxpayers' federal income records from the Internal Revenue Service (IRS). The records were provided in accordance with Internal Revenue Code § 63-6103(d) and Idaho Code § 63-3077.

Idaho Code § 63-3045 (1)(a) states:

Notice of redetermination or deficiency -- Interest.

(1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63)

days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

The Bureau issued a deficiency notice to the taxpayers for the years 1994 through 1997. The taxpayers responded to that determination with a letter of protest that promised the missing Idaho returns would be filed. After additional promises and delays, the Bureau received the taxpayers' actual returns for the years 1994, 1995, and 1997. The Bureau acknowledged receipt of the returns and advised the taxpayers by letter that the returns were accepted as filed and the portion of the Notice of Deficiency Determination that addressed those years was canceled. Therefore, 1996 is the only year that will be addressed in this decision.

In a letter dated September 30, 2000, the taxpayers promised to file their 1996 Idaho return by October 20, 2000. When the 1996 return did not arrive as promised, the taxpayers' file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayers did not respond to a letter from the Tax Appeals Specialist and no further information has been received regarding the taxpayers' 1996 Idaho income tax return.

The taxpayers' 1996 Idaho income tax was determined using the income amounts reported to the IRS and the State Tax Commission as having been received by the taxpayers during the year. Withholding that could be identified in the Tax Commission's records was allowed. The Bureau used the same filing status and number of exemptions that was used by the taxpayers when they prepared their 1997 Idaho return.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Commission, 110 Idaho 572 (Ct. App. 1986). The burden is on the taxpayers to show that the tax deficiency is erroneous. Albertsons, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated April 10, 2000, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, AND MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following taxes, penalties, and interest for 1996:

| <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|------------|----------------|-----------------|--------------|
| \$1,120 | \$280 | \$344 | \$1,744 |

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

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

DATED this ____ day of _____, 2001.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

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

[Redacted][REDACTED]

ADMINISTRATIVE ASSISTANT 1