

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 14943
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

On May 25, 2000, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for taxable years 1994, 1995, and 1996 in the total amount of \$3,144.

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

The taxpayer, a resident of Idaho who worked part of the time in Oregon during the years in question, appeared to meet the requirements for filing Idaho individual income tax returns. Because he had not filed Idaho returns, the Bureau issued a deficiency determination based on information retained by the Tax Commission. The information included Idaho Department of Labor records [Redacted]. [Redacted].

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 taxpayer for the years 1994, 1995, and 1996. The taxpayer responded to that determination with a letter of protest that promised the missing Idaho returns would be filed as soon as his W-2s could be found. After additional promises and delays, the Bureau received the taxpayer's actual returns for all three years. The Bureau acknowledged receipt of the returns and advised the taxpayer by letter that the 1994 and 1995 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.

The Bureau wrote to the taxpayer and explained that the estimated withholding the taxpayer's tax preparer had used to complete the taxpayer's 1996 Idaho return was excessive. In addition, some of the withholding that was claimed in the return was withheld on behalf of Oregon rather than Idaho. The Bureau sent the taxpayer copies of the W-2s the Bureau had obtained after the deficiency notice was prepared and sent to the taxpayer. The Bureau included a completed 1996 Idaho return that had been prepared using the same figures as the preparer with the exception of the Idaho withholding. Credit for the actual withholding identified in the W-2s from each of the same Idaho employers the accountant identified was claimed rather than estimated withholding. When the taxpayer did not respond to that letter, his file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayer did not respond to a letter from the Tax Appeals Specialist, and no further information has been received regarding the taxpayer's 1996 Idaho income tax return.

The taxpayer's 1996 Idaho income tax was determined using [Redacted] the Idaho Department of Labor. The income amount was within \$2 of the income reported in the return submitted by the taxpayer. The Notice of Deficiency Determination did not allow credit for withheld taxes. Since that time, copies of W-2s have been obtained and withholding has been identified. The determination is revised to credit the taxpayer's Idaho income tax that had been

withheld by his employers.

WHEREFORE, the Notice of Deficiency Determination dated May 25, 2000, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, AND MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest for 1996:

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$303	\$76	\$100	\$479

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

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]

ADMINISTRATIVE ASSISTANT 1