

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 15273
[Redacted],	)	
	)	DECISION
Petitioners.	)	
	)	
	)	

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On November 17, 2000, the Income Tax Audit Bureau of the Idaho State Tax Commission (Bureau) issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing additional individual income tax and interest in the amount of \$2,397 for 1998.

The taxpayers filed a timely appeal and petition for redetermination. They did not request a conference. The Tax Commission has reviewed the file, is advised of its contents, and hereby issues its decision based thereon.

Idaho Code § 63-3002 provides:

Declaration of intent. It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; . . .

The intent of the Idaho Legislature is to follow the federal determination subject only to modifications contained in Idaho law. [Redacted]. [Redacted], the Bureau sent the taxpayer a questionnaire to complete.

The questionnaire explained the difference in the amount of income that was reported to the [Redacted] Tax Commission. The taxpayers were given several choices to explain the difference. They placed a check next to: "I earned/received income which is related to another state. I did not report that income on my Idaho return." They did not include a copy of any other state's income tax

return.

The Bureau issued a notice of deficiency determination, which the taxpayers appealed. The taxpayers explained they were going to school in Massachusetts for part of the year. They included a copy of their state of Massachusetts part-year resident income tax return. With that new information, the Bureau was able to modify the deficiency by treating the taxpayers as part-year residents.

In response to the amended notice, the taxpayers asked the Tax Commission to issue a final decision. The taxpayer's file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayers did not respond to a letter outlining their right to request a hearing or submit additional information.

Upon review, the Tax Commission finds the taxpayers filed an Idaho resident tax return for 1998 instead of a part-year resident return. They reported Idaho income only but deducted the full amount of their personal exemptions and standard deductions. The resulting negative income allowed them to receive a \$621 refund, which was all of the taxes that had been withheld from their gross income.

The Bureau's amended determination correctly compared the taxpayers' adjusted income from Idaho sources with their total adjusted income from all sources. The Idaho taxable income was determined by deducting the Idaho percentage of the standard deduction and exemptions from their Idaho source income. The grocery credit was adjusted to allow credit for the percentage of time the taxpayers were Idaho residents. The amended determination requires the taxpayers to pay Idaho income taxes on the income from Idaho sources only. The same income is not taxed by both states.

WHEREFORE, the Notice of Deficiency Determination dated November 17, 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 tax and interest for 1998.

<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$368	\$55	\$423

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

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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]    [REDACTED]

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ADMINISTRATIVE ASSISTANT 1