BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of	)	
	)	DOCKET NO. 15397
[Redacted],	)	
	)	DECISION
Petitioners.	)	
	)	

On December 13, 2000, the staff of the Income Tax Audit Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing additional income tax and interest for the taxable year 1998 in the total amount of $104.

On February 13, 2001, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing and have not provided any further documentation for consideration. The Tax Commission, having reviewed the file, hereby issues its decision.

The Income Tax Audit Bureau (Bureau) adjusted the taxpayers' schedule A–Itemized Deductions on their 1998 Idaho income tax return. The Bureau made two adjustments. The Bureau disallowed the amount the taxpayers claimed as "other taxes" and the Bureau corrected an addition error made in totaling the taxpayers' itemized deductions.

The Bureau sent the taxpayers a Notice of Deficiency Determination, which the taxpayers protested. The taxpayers stated their itemization and addition were correct. They stated the allowable deductions were taken as determined by the worksheets in the published instructions. The taxpayers stated the estimation of deduction, if not correct, is grossly exaggerated on the determination form. They said they could amend the return for additional allowable deductions that would far exceed the alleged errors.

The Tax Commission sent the taxpayers a letter setting forth their options for redetermining the Notice of Deficiency Determination. The letter also explained that a math

correction cannot be appealed according to Idaho Code section 63-3045A. The letter asked the taxpayers to be prepared to document the "other taxes" disallowed by the Bureau. The taxpayers did not respond; therefore, the Tax Commission decided this matter based upon the information available.

Idaho Code section 63-3045A states in pertinent part:

> In the event that the amount of tax is understated on the taxpayer's return due to a mathematical error, the state tax commission shall notify the taxpayer that an amount of tax in excess of that shown on the return is due and has been asserted. Such a notice of additional tax due shall not be considered a notice of a deficiency nor shall the taxpayer have any right of protest or appeal as in the case of a deficiency based on such notice, and the assessment and collection of the amount of tax erroneously omitted in the return is not prohibited by any provision of this act.

In the calculation of their itemized deductions, the taxpayers did not correctly add the total column. The taxpayers' total was $1,000 higher than the actual total. As an addition error, this falls under the purview of Idaho Code section 63-3045A and cannot be appealed. Therefore, the correction is upheld.

The Bureau also disallowed the amount of "other taxes" the taxpayers claimed on their schedule A. The Bureau stated in its explanation of the adjustment that the other taxes deduction was for taxes based on income or on the value of property. The Bureau stated further that taxes such as Idaho's auto license fees and irrigation tax do not qualify because they are not based on value or on income.

Internal Revenue Code (IRC) section 164 states that certain taxes are allowed as a deduction. Those taxes are state and local, foreign, and real property taxes; state and local personal property taxes; state and local, foreign, income, war profits, and excess profits taxes; the GST tax imposed on income distributions; and the environmental tax imposed by section 59A.

Generally, the only taxes available in Idaho that qualify for the deduction provided in IRC section 164 are the income tax and property tax. The Tax Commission asked the taxpayers

to provide documentation to support their deduction. The taxpayers failed to provide anything. Since the taxpayers failed to provide documentation to support their deduction, they have not met their burden of proof. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). Therefore, the Tax Commission upholds the Bureau's determination that the "other taxes" do not qualify as a deduction.

WHEREFORE, the Notice of Deficiency Determination dated December 13, 2000, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax and interest:

YEAR	TAX	INTEREST	TOTAL
1998	$91	$19	$110

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

An explanation of the taxpayers' 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] Receipt No. [Redacted]
[REDACTED][REDACTED]

_____
ADMINISTRATIVE ASSISTANT 1