

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 15404
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

On August 4, 2000, the Income Tax Audit Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing additional individual income tax and interest in the amount of \$155 for 1998.

The taxpayer filed a timely protest and petition for redetermination. He 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; . . . (Emphasis added).

The intent of the Idaho Legislature is to follow the federal determination subject only to modifications contained in Idaho law. The taxpayer filed an Idaho Form 40EZ, which is a form reserved for individuals that are Idaho residents, are not married and have no dependents. He included a note with the return that said, "Did not reside in or work in the state of Idaho entire year of 1998. This W-2 was for work performed in the state of Nevada." Because the total income

shown in that return was less [Redacted] the Bureau sent the taxpayer a deficiency notice. The taxpayer protested.

The taxpayer wrote back to say that he could not understand how he could owe additional taxes when he had reported all of his Idaho income and the missing income had been earned after he left the state. The Bureau sent a letter back explaining that the taxpayer had erroneously used a resident form instead of a part-year resident form. That letter offered the taxpayer an opportunity to withdraw his protest. When no response was received, the taxpayer's file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayer did not respond to a letter outlining his right to request a hearing or submit additional information.

Upon review of the Idaho resident income tax return the taxpayer filed, the Tax Commission finds the taxpayer reported only Idaho income but deducted the full amount of his personal exemption and standard deduction as if he had been in the state the entire year. The resulting negative income allowed him to receive a \$246 refund, which was the Idaho taxes that had been withheld from his Idaho gross income.

The Bureau's determination correctly compared the taxpayer's adjusted income from Idaho sources with his total adjusted income from all sources. The Idaho taxable income was determined by deducting the Idaho percentage of the standard deduction and personal exemption from his Idaho source income. The grocery credit was adjusted to allow credit for the percentage of time the taxpayer was an Idaho resident. The determination requires the taxpayer 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 August 4, 2000, is APPROVED, AFFIRMED, AND MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax and interest for 1998.

<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$139	\$23	\$162

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 enclosed 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