

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
) DOCKET NO. 15552
[Redacted],)
)
) DECISION
)
Petitioner.)
)
_____)

On December 6, 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 1993 through 1998, in the total amount of \$41,681.

The taxpayer protested the determination. She did not request a hearing, but did provide actual returns for the years in question. The Tax Commission, having reviewed the file, hereby issues its decision based thereon.

Information available to the Bureau indicated the taxpayer was an Idaho resident who met the filing requirements for filing Idaho resident income tax returns. However, the Tax Commission's files did not contain the taxpayer's returns. The Bureau was unsuccessful in its attempts to contact the taxpayer to secure the missing returns or an explanation of why she should not be required to file Idaho income tax returns for the years in question.

The Bureau prepared Idaho income tax returns on the taxpayer's behalf using information that was drawn from records retained by the Tax Commission [Redacted]. A notice was issued to the taxpayer detailing the deficiency determinations.

The taxpayer responded by letter wherein she objected to the determination of income and Idaho tax due. On February 7, 2001, the Bureau received the taxpayer's Idaho returns and a payment of \$500. The accompanying note said she would be sending monthly payments until the total due was paid in full. She added that her accountant was amending her 1998 federal return.

The Bureau notified the taxpayer that her returns for 1993, 1994, 1995, and 1997 were accepted as filed and the portion of the deficiency determination that addressed those years was canceled. The 1993, 1994, 1995, and 1997 returns will not be a part of this decision.

The Bureau did not cancel the determination for 1996 [Redacted]. The filing status and number of exemptions reported in her state return were not the same as she had reported in her federal return. In addition, the W-2 she had attached to the return was not clear enough to read the withholding figure.

The portion of the notice addressing 1998 was not canceled because the 1998 state return was prepared using a 1999 form. The 1999 form allowed larger deductions and exemptions than should have been taken for that year resulting in an understatement of taxable income. In addition, the taxpayer did not provide a copy of her federal form. [Redacted], she had not filed a federal return that year.

The Bureau sent the taxpayer a detailed letter that explained precisely what was incorrect in each of the two returns. On February 20, 2001, the Bureau received the taxpayer's 1998 Idaho return (prepared using the correct form) and the taxpayer's 1999 state and federal returns. The Bureau wrote the taxpayer a letter asking for an explanation of some of the amounts shown in the newly submitted returns.

On March 15, 2001, the Bureau received a clear copy of the questionable W-2 for 1996, another copy of the same 1996 return that was received earlier, and a letter stating she had not filed an amended federal return for 1996.

The Bureau again wrote a letter of explanation to the taxpayer. The Bureau told the taxpayer the 1996 return could not be accepted as filed because the filing status and number of dependents did not agree with the return she filed with the IRS. An amended calculation of the tax due was included that denied the filing status of head of household and the two additional exemptions but
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[Redacted]

allowed the additional Idaho withholding shown in the W-2.

The taxpayer's file was transferred to the Legal/Tax Policy Division for administrative review. In response to a letter from the Tax Appeals Specialist advising her of her appeal rights, the taxpayer sent a copy of the same 1996 Idaho return she had sent earlier except one dependent was shown instead of two. The return again reflected a filing status of head of household instead of single as shown in the federal return. The taxpayer's personal check in the amount of \$200 was included with that return.

After careful review of the taxpayer's file, including the returns submitted by the taxpayer and the federal records, the Tax Commission accepts both Idaho returns subject to review at a later date as provide in Idaho Code § 63-3040. However, the 1996 Idaho return the taxpayer submitted is modified to reflect a filing status of single with no dependents in agreement with the return on file with the IRS.

WHEREFORE, the Notice of Deficiency Determination dated December 6, 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:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$885	\$221	\$308	\$1,414
1998	< 65>	0	0	< 65>
			TOTAL	\$1,349
			PAYMENTS	< 700>
			TOTAL DUE	<u>\$ 649</u>

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 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]