

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NOs. 14145 and 15776
[Redacted])	
)	DECISION
Petitioners.)	
_____)	

[Redacted] (petitioners) protest the Notices of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated August 20, 1999 and June 5, 2001 asserting additional liabilities for Idaho income tax, penalty, and interest in the total amounts of \$4,643 and \$13,172 for 1995 and 1996, respectively.

[Redacted] was an S corporation wholly owned by the petitioners. The auditor made numerous adjustments to the Idaho income tax returns of [Redacted] Since [Redacted]. was an S corporation, the additional income was reflected on the petitioners' Idaho income tax returns. The petitioners' protests of the Notices of Deficiency Determination indicated that additional information would be provided. However, no additional information has been submitted for the Commission to consider. Therefore, the Commission finds that the determinations made by the auditor with regard to the income adjustments to the income of [Redacted]. should be affirmed for both 1995 and 1996.

For 1995, the auditor also made adjustments to the itemized deductions claimed by the petitioners. He denied the claimed deduction for mortgage interest in the amount of \$11,515. He also disallowed the claimed deduction for charitable contributions in the amount of \$1,330. The petitioners failed to provide substantiation for these deductions. Therefore, the Commission finds that the petitioners have failed to carry their burden of proof with regard to these deductions.

WHEREFORE, the Notices of Deficiency Determination dated August 20, 1999 and June 5, 2001 are hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that petitioners pay the following tax, penalty, and interest (calculated to September 15, 2002):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1995	\$3,610	\$ 0	\$1,829	\$ 5,439
1996	8,817	1,323	3,736	<u>13,876</u>
				<u>\$19,315</u>

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

An explanation of the petitioners' right to appeal this decision is enclosed with this decision.

DATED this _____ day of _____, 2002.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2002, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in envelopes addressed to:

[Redacted][Redacted]ceipt No. [Redacted]
[Redacted]

ADMINISTRATIVE ASSISTANT 1