

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 15412
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

On February 7, 2001, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable year 1996 in the total amount of \$319.

On February 12, 2001, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not request a hearing; instead she submitted a letter stating the deficiency asserted by the Tax Commission was based on, "obviously frivolous, fraudulent and evidently fabricated information from the IRS." The Tax Commission, having reviewed the file, hereby issues its decision.

[Redacted]. The Bureau reviewed the Tax Commission's records and found that the taxpayer did not file a 1996 Idaho income tax return. The Bureau sent the taxpayer a letter asking about her filing requirement with the state of Idaho. The taxpayer did not respond.

The Bureau determined the taxpayer had a filing requirement and prepared a 1996 Idaho income tax return for the taxpayer. The Bureau sent the taxpayer a Notice of Deficiency Determination, which the taxpayer responded with a written petition for redetermination. The taxpayer stated that the IRS determined the taxable income attributed to her was a computer error. She stated she could not have made that amount of income and had no knowledge or documents to prove otherwise.

The Tax Commission sent the taxpayer a letter setting forth two alternative methods for having the Notice of Deficiency Determination redetermined. The taxpayer responded that she

did not file a written petition for redetermination or a proper tax protest. She stated there was no cause for filing either. The taxpayer said the Tax Commission's letter was without substance and positive foundation since she has not been employed the past seven years, especially during 1996. The taxpayer stated she did not see how the rhetoric of choosing one of the Tax Commission's alternatives had any substance in reality and does not concern her or apply to her. The taxpayer stated she wanted to assist the Tax Commission in resolving this misconceived dilemma but without valid and substantial evidence from her personal and absolute knowledge, she did not know how she could help.

[Redacted]. Internal Revenue Code section 108 states that the discharge of indebtedness is income to the individual that is relieved of the debt. Therefore, the taxpayer had income in 1996 regardless of whether she was employed during the year.

The taxpayer stated that she was a victim of credit card fraud perpetrated by two individuals in Northern Idaho. The taxpayer stated the local FBI cleared her of any liability. The taxpayer stated Special Agent [Redacted] had all the facts about the case.

The Bureau contacted Mr. [Redacted] to back up the taxpayer's story. Mr. [Redacted] was familiar with the credit card fraud in the area and was also familiar with the taxpayer. However, he did not know of any claim by the taxpayer that she was a victim of credit card fraud.

The taxpayer stated this matter was determined by the IRS to be a computer error and it was cleared up several years ago. [Redacted].

Idaho Code section 63-3002 states that Idaho taxable income must start with federal taxable income and then be modified according to the provisions of the Idaho Code. [Redacted].

[Redacted]. Since the taxpayer was an Idaho resident at the time the discharge occurred, the income derived from the discharge is reportable to Idaho.

The taxpayer has not provided any information to show the discharge of indebtedness did not occur or that the indebtedness was part of a scheme to defraud her. The taxpayer has also not provided anything to show that the IRS cancelled or eliminated her federal tax deficiency for 1996. The taxpayer has not met her 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 finds the return prepared by the Bureau appropriate under the circumstances. The Bureau added interest and penalty to the taxpayer's tax per Idaho Code sections 63-3045 and 63-3046. The Tax Commission reviewed these additions and found them to be appropriate.

WHEREFORE, the Notice of Deficiency Determination dated February 7, 2001, is hereby 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	\$204	\$51	\$81	\$336

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 included 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 an envelope addressed to:

[REDACTED]

Receipt No. [Redacted]

[Redacted] [REDACTED]

ADMINISTRATIVE ASSISTANT 1