

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of )  
 ) DOCKET NO. 16302  
[REDACTED] )  
 )  
Petitioner. ) DECISION  
 )  
 )  
\_\_\_\_\_ )

On November 9, 2001, 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 tax years 1998 and 1999 in the total amount of \$7,608.

The taxpayer appealed that determination by submitting his 1998 and 1999 Idaho income tax returns. The Tax Commission, having reviewed the file, hereby issues its decision based thereon.

The Bureau identified the taxpayer as an Idaho resident who had not filed an Idaho income tax return for 1998 and 1999 although he received income in excess of the filing requirement. When the taxpayer did not respond to inquiries, the Bureau prepared provisional income tax returns on his behalf and sent him a Notice of Deficiency Determination.

The taxpayer answered the notice by submitting completed returns for the two years. The Bureau reviewed these returns and found discrepancies in both returns. The 1998 return showed withholding of \$243 but a W-2 was not included. The Bureau could not locate the W-2 or any other verification of the withholding in its records.

The second item in the taxpayer's 1998 individual return that was not supported by the record was the income he claimed from his S- Corporation. The corporate return showed wages paid to the taxpayer that were \$436 less than the amount the taxpayer reported in his individual return. The 1999 return submitted by the taxpayer claimed credit for a \$200 estimated payment. That payment could not be located in Tax Commission records.

The Bureau sent the taxpayer a letter acknowledging receipt of the taxpayer's returns as a

protest to the Notice of Deficiency Determination. In that letter, the Bureau asked the taxpayer to provide substantiation of the withholding and estimated payment. Also, the Bureau explained that the income showing as paid to him in the corporate return was not the same amount that he claimed as income received by him in his individual return. The Bureau asked the taxpayer to submit either an amended corporate return to reflect the income shown in the taxpayer's individual return or send a corrected individual return that would agree with the amount stated in the corporate return.

The taxpayer did not answer that letter, so two additional letters were sent. No response was received and the taxpayer's file was transferred to the Legal/Tax Policy Division of the Tax Commission for administrative review. The taxpayer did not acknowledge receipt of a letter advising him of his rights regarding his appeal of the determination.

After full review of the taxpayer's individual Idaho returns [Redacted], and Tax Commission records, the Tax Commission accepts the Idaho returns that were submitted by the taxpayer (subject to review at a later date as provided in Idaho Code § 63-3068(a)) with the following exceptions:

- The withholding shown in the 1998 Idaho income tax return that could not be substantiated is denied.
- The \$200 estimated payment claimed in the 1999 Idaho return is denied.
- The income reported in the taxpayer's 1998 individual return is reduced by the difference between the amount reported as paid to him in the corporate return and the amount reported as received by him in the individual return.

WHEREFORE, the Notice of Deficiency Determination dated November 9, 2001, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer receives the following refunds:

1998            \$178 refund  
1999            \$247 refund

An explanation of the taxpayer's 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 I have on this \_\_\_\_\_ day of \_\_\_\_\_, 2002, 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]

\_\_\_\_\_