

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16492
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On February 8, 2002, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable years 1995 through 1999 in the total amount of \$18,115.

The taxpayers filed a timely appeal. They did not request a hearing and did not submit additional information. Therefore, the Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

During the years in question, the taxpayers failed to file Idaho individual income tax returns even though Tax Commission records show they satisfied the filing requirements stated in Idaho Code § 63-3030.

[Redacted] Idaho Code § 63-3045 (1)(a) states:

63-3045. Notice of redetermination or deficiency --
Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

Because the taxpayers did not file state tax returns and did not answer correspondence from the Bureau, the Bureau prepared provisional returns and issued a deficiency notice based upon information shown in the W-2s and 1099s that were submitted to the [Redacted]. Information gleaned from Tax Commission records was also considered.

In response to the deficiency notice, the taxpayers sent a letter signed by [Redacted] that admitted the taxpayers had not filed their Idaho returns. He said: “I do not dispute the fact that taxes are owed, but I do dispute the amount.” He said he has all of his records but he needs to get them organized. He explained that he might need to arrange payments because he had been out of work for some time and was still trying to get caught up. He offered that as a software developer perhaps he could: “work off part of the debt.”

The Bureau sent a letter acknowledging the taxpayers’ protest and one additional letter asking the taxpayers for a date they anticipated submitting their completed Idaho returns. The taxpayers’ response was in the form of a \$200 payment and another letter wherein [Redacted] offered to make three monthly payments and then hire someone to prepare the back returns. He said: “I hope my personal business will start picking up soon and that we will be able to resolve this situation as quickly as possible.”

The Bureau attempted to arrange a meeting with the taxpayers to help them complete their returns or, at a minimum, identify information that might allow an adjustment to each year's final tax figure. However, after at least five attempts and one conversation with [Redacted], no meeting was held.

The taxpayers' file was transferred to the Legal/Tax Policy Division for administrative review. Neither of the taxpayers responded to a letter from the Tax Appeals Specialist that advised them of their appeal rights.

Idaho Code § 63-3030 explains the income tax act:

63-3030. Persons required to make returns of income.

[EFFECTIVE AFTER JANUARY 1, 1996](a) Returns with respect to taxes measured by income in this chapter shall be made by the following:

(1) Every resident individual required to file a federal return under section 6012(a)(1) of the Internal Revenue Code.

...

The taxpayers met the requirements for filing Idaho income tax returns for 1995 through 1999. Yet, they have not filed Idaho returns for any of the years. Nothing has been submitted that would cast doubt on the Bureau's determination, which was calculated after considering the taxpayers' income information that was reported to [Redacted] and the records retained by the Tax Commission. Withholding that could be identified in the Tax Commission's records was allowed to reduce the resulting tax due.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated February 8, 2002, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1995	\$1,689	\$ 422	\$ 856	\$ 2,967
1996	1,650	413	699	2,762
1997	1,042	261	351	1,654
1998	1,299	325	337	1,961
1999	6,344	1,586	1,184	<u>9,114</u>
			LESS PAYMENT	<u>200</u>
			TOTAL DUE	\$18,258

Interest is computed through September 15, 2002.

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

An explanation of taxpayers' 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]
