

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16646
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

On April 12, 2002, the Income Tax Audit Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing additional individual income tax and interest in the amount of \$201 for 1999.

The taxpayer filed a timely appeal and petition for redetermination. She did not request a conference. The Tax Commission has reviewed the file, is advised of its contents, and hereby issues its decision.

Idaho Code section 63-3002 provides:

Declaration of intent. It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; . . .

The intent of the Idaho Legislature is to follow the federal determination subject only to modifications contained in Idaho law. Pursuant to the authority of the Internal Revenue Code § 6103(d), the Tax Commission received [Redacted] income records. Because the amount of income reported to the [Redacted] for 1999 was more than the amount reported to Idaho, the Bureau sent the taxpayer a questionnaire to complete.

The questionnaire explained that each of the two returns reported a different amount of taxable income for the year. The taxpayer was given several choices to explain the difference. She placed a check next to: “I was a part-year resident. I moved into or out of Idaho during the year.” She added a note saying she moved to the state of [Redacted] on August 7, 1999.

The Bureau issued a notice of deficiency determination that calculated the taxpayer’s Idaho tax responsibility as a part-year resident, which the taxpayer appealed. In her protest letter, the taxpayer said, “I think that people need to be more aware [sic] of these Grandfather Clauses that are for Idaho – it doesn’t make sense that we have to pay the price to live in Idaho.”

The taxpayer's file was transferred to the Legal/Tax Policy Division for administrative review. When the taxpayer received a letter outlining her appeal rights, she telephoned the Tax Appeals Specialist. During the ensuing conversation, the Specialist went over the calculations shown in the schedule that was attached to the notice she was appealing. She said she would give some thought to withdrawing her appeal. However, during a second telephone call, she asked for a decision to be issued based on the contents of her file.

Review of the taxpayer’s file verified she filed an Idaho resident income tax return for 1999 although she moved from the state during August of that year. The taxpayer received additional income after she became a resident of the state of [Redacted]. In the Idaho resident tax return the taxpayer filed, she reported only her Idaho income but deducted the full amount of her personal exemption, standard deduction, and grocery credit. The resulting negative income allowed her to receive a \$157 refund, which was all of the taxes that had been withheld from her gross income.

The Bureau’s determination correctly compared the taxpayer’s adjusted income from Idaho sources with her total adjusted income from all sources. The Idaho taxable income was determined

by deducting the Idaho percentage of the standard deduction and exemption from the Idaho source income. The grocery credit was adjusted to allow credit for the percentage of time the taxpayer was an Idaho resident. The amended determination requires the taxpayer to pay Idaho income taxes on the income from Idaho sources only. The same income is not taxed by both states.

The Tax Commission has no idea what the taxpayer meant by a “grandfather clause.” The Tax Commission is not aware of any such clause that would have an effect on the calculation of Idaho income tax for a part-year resident.

WHEREFORE, the Notice of Deficiency Determination dated April 12, 2002, is APPROVED, AFFIRMED, AND MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax and interest for 1999.

<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$172	\$32	\$204

Interest is computed through September 1, 2002.

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 _____, 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]
[Redacted]

[Redacted]

ADMINISTRATIVE ASSISTANT 1