

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 16046
[Redacted]	)	
Petitioners.	)	DECISION
	)	
_____	)	

[Redacted] (petitioners) protest the Notice of Deficiency Determination (NOD) issued by the auditor for the Idaho State Tax Commission (Commission) dated August 24, 2001 asserting additional liability for Idaho income tax, penalty and interest for the years 1996, 1997, and 1998 in the total amount of \$3,293.

The auditor made four adjustments to the petitioners' Idaho income tax returns. The first was to disallow claimed itemized deductions in the amounts of \$12,528, \$10,800 and \$15,009 for the years 1996, 1997, and 1998, respectively. The second adjustment was to allow, in lieu of the claimed itemized deductions, the standard deduction for the years in question. The third adjustment was to increase the income of the petitioners from a trade or business by \$2,780, \$2,596 and \$1,435 for the years 1996, 1997 and 1998, respectively. The fourth adjustment was to disallow an unverified loss of \$2,450 for 1997 on some property due to nonsubstantiation. The adjustments were due to the petitioners failing to document the amounts shown on their income tax return.

In his letter dated October 26, 2001, the auditor acknowledged the petitioners' timely protest of the NOD and informed them that their file was being sent to the Commission's legal/tax policy division for continuation of their appeals process.

On December 6, 2001, the Tax Policy Specialist (policy specialist) sent the petitioners a hearing rights letter to inform them of their alternatives for redetermining a protested NOD. The petitioners responded in their letter dated January 4, 2002, requesting a hearing be scheduled.

A hearing was scheduled for April 2, 2002, but, due to conflicts of schedules, the hearing was rescheduled for May 6, 2002. On May 6, 2002, a Power of Attorney (POA) form for the petitioners was faxed to the Commission by [Redacted] appointing [Redacted] as the petitioner's attorney-in-fact. Mr. [Redacted] called the Commission on May 6, 2002, and canceled the hearing. Mr. [Redacted] also stated that the issues the petitioners protested could be resolved without a hearing by producing the necessary documentation the auditor requested.

On November 21, 2002, a letter was sent to Mr. [Redacted] which stated in pertinent part:

In your clients' protest letter dated October 15, 2001, they requested an informal hearing with the Idaho State Tax Commission. If you or your clients no longer wish to have an informal hearing for the above matter, please send a written statement that an informal hearing is no longer required.

The Commission received a copy of a letter dated November 26, 2002, from Mr. [Redacted]. The letter is addressed to [Redacted] from Mr. [Redacted] and stated:

Please read the attached letter from the state Tax Commission. If I don't hear from you by December 4<sup>th</sup>, I will inform [Redacted] that we do not wish to have an informal hearing on your matter before the Commission.

Following this notice to [Redacted] next week, I will make the assumption that no further action be taken by this office on the matter

The petitioners did not contact Mr. [Redacted].

The petitioners have failed to provide authority or documentation to support their position regarding any of the adjustments made by the auditor. The Commission finds that no adjustment is needed to the audit.

WHEREFORE, the Notice of Deficiency Determination dated August 24, 2001, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioners pay the following tax, penalty, and interest (calculated to April 25, 2003):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$708	\$35	\$336	\$1,079
1997	733	37	284	1,054
1998	1066	53	330	<u>1,449</u>
			TOTAL DUE	<u>\$3,582</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 \_\_\_\_\_, 2003.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_ day of \_\_\_\_\_, 2003, 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]

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