

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16908
[Redacted])	
Petitioners.)	DECISION
)	
)	
)	
)	

On July 30, 2002, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted], proposing income tax, penalty, and interest for taxable year 1998 in the amount of \$2,063.

[Redacted] filed a timely appeal to the determination. She did not request a hearing. However, she furnished records regarding the taxpayers' child-care expenses and a copy of her 1998 W-2 reflecting withholding. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Because Tax Commission records showed the taxpayers met the state income tax filing requirements and had not filed Idaho returns for the years in question, the Bureau attempted to contact them for an explanation. They did not respond to the inquiry.

[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.

The Bureau prepared returns on the taxpayers' behalf and sent them a Notice of Deficiency Determination. The return was prepared with a filing status of married filing joint based on records on file with [Redacted] the Tax Commission.

[Redacted] appealed the determination. [Redacted] did not. In her letter, [Redacted] said that she and [Redacted] separated in early 1999. During that spring, they prepared state and federal income tax returns with a filing status of married filing joint. She said she signed both returns and left them with [Redacted] to file the returns and pay the taxes to both the state of Idaho and the IRS.

The Bureau wrote back to each of the taxpayers acknowledging the protest and asking the taxpayers to submit the return they had prepared in 1999 or prepare a new 1998 Idaho return for filing. That letter prompted [Redacted] to telephone the Bureau. She told the Bureau she had a W-2 that reflected withholding and proof of child-care expenses. Subsequently, she sent the Bureau a copy of both records.

The Bureau prepared an Idaho return on behalf of the taxpayers that allowed them the child-care deduction and credited the additional withholding. A copy of the return was sent to each of the taxpayers for their signatures. The Bureau did not receive a signed copy of the return back from either taxpayer although several attempts were made to convince the taxpayers to sign and submit

the return. Neither of the taxpayers wanted to be held responsible for paying the entire amount shown in the return.

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. (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.

(2) Any nonresident individual having for the current taxable year a gross income from Idaho sources in excess of two thousand five hundred dollars (\$2,500), or any part-year resident individual having for the current taxable year a gross income from all sources while domiciled in or residing in Idaho, and from Idaho sources while not domiciled in and not residing in Idaho, which in total are in excess of two thousand five hundred dollars (\$2,500);

The information submitted by [Redacted] allowed the Bureau to amend the first return the Bureau prepared. The taxpayers submitted nothing that would cast doubt on that amended determination.

WHEREFORE, the Notice of Deficiency Determination dated July 30, 2002, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest for 1998.

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$260	\$65	\$81	\$406

Interest is computed through August 15, 2003.

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 _____, 2003.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this ____ day of _____, 2003, 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]

[Redacted]

[Redacted]_____