

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 17063
[REDACTED]	)	
	)	DECISION
Petitioner.	)	
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On October 18, 2002, 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 taxable years 1996 through 2000 in the total amount of \$6,216.

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

When it was discovered the taxpayer was a long-time Idaho resident who had never filed an Idaho individual income tax return, the Bureau began an investigation to identify the taxpayer's taxable income and sent correspondence to the taxpayer. The taxpayer responded to the Bureau's inquiry by returning a completed questionnaire and copies of various 1099s and W-2s. The W-2s and 1099s showed the taxpayer's name as employee/recipient; however, the documents gave three different social security numbers as belonging to the taxpayer.

The Bureau requested and received a transcript of [Redacted] income records for each of the social security numbers shown in the 1099s and W-2s. The information was provided in accordance with [Redacted] Idaho Code § 63-3077. The information received [Redacted] showed income received by the taxpayer under one of the social security numbers, no income information for the second number, and income information on the third number showing it belonged to an entirely

different taxpayer living in another area of Idaho.

The Bureau sent the taxpayer tax forms and instructions together with a request for the taxpayer to send the Tax Commission a copy of his social security card. The taxpayer did not respond.

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 issued the taxpayer a Notice of Deficiency Determination based on [Redacted] the income information submitted by the taxpayer, and other records retained by the Tax Commission. Because the taxpayer did not verify his social security number by sending a copy of his card as requested, a fifty percent fraud penalty was added to the tax and interest amounts.

In response to the deficiency notice, the taxpayer sent a copy of his social security card followed by partially completed and unsigned Idaho returns claiming more than one filing status per return, no social security numbers for the claimed dependents, less income than was shown in the federal information, and no copies of federal returns or supporting schedules.

The Bureau sent the incomplete returns back to the taxpayer with instructions and a request

to complete the returns and sign them before sending them back to the Tax Commission. Because the taxpayer verified his social security number by providing a copy of his social security card, the bureau prepared and sent to the taxpayer a modified determination to reflect a change in the amount of penalty to an amount consistent with the delinquency of the return rather than fraud.

The taxpayer sent his returns back to the Bureau as requested. This time, the returns were signed but much of the information was inconsistent with the records. The Bureau wrote a letter to the taxpayer asking him to provide verification of his right to claim the dependents shown in the returns. Furthermore, the taxpayer was advised the returns could not be filed as submitted because: (1) the income amounts did not match the records; (2) the schedules to support amounts claimed in the federal returns were not included; (3) some of the returns showed checks by both “single” and “head of household;” (4) records available to the Bureau suggested the dependents claimed in the taxpayer’s returns lived with their mother in California during the years at issue.

No response was received and the taxpayer’s file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayer did not respond to a letter from the Tax Appeals Specialist that advised him of his appeal rights.

Nothing has been submitted that would cast doubt on the Bureau’s determination, which the Bureau calculated after considering the taxpayer’s income information reported to the IRS, the W-2s and 1099s submitted by the taxpayer and the records retained by the Tax Commission. The penalty and interest additions were calculated in conformity with Idaho Code §§ 63-3045 and 63-3046.

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 his argument, the taxpayer has failed to meet his

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 October 18, 2002, is MODIFIED and, as so modified, is hereby APPROVED, AFFIRMED, and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$655	\$164	\$305	\$1,124
1997	583	146	220	949
1998	185	46	56	287
1999	1,516	379	345	2,240
2000	577	144	85	<u>806</u>
			TOTAL	<u>\$5,406</u>

Interest is computed through June 1, 2003.

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

An explanation of taxpayer's 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 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]

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