

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17078
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On October 1, 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 1998 through 2000 in the total amount of \$29,242.

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.

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 the taxpayers for an explanation of why no Idaho returns had been filed. The taxpayers did not respond to the inquiry.

The Bureau requested and received a transcript of the taxpayers' [Redacted] income records [Redacted]. The information was provided in accordance with Internal Revenue Code § 6103(d) and Idaho Code § 63-3077.

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 had not filed Idaho income tax returns for the years 1998 through 2000, the Bureau prepared returns on their behalf and sent them a Notice of Deficiency Determination. The certified notice was returned by the post office stamped "unclaimed" prompting the Bureau to send a copy of the notice to the taxpayers along with a letter that explained the notice was returned unclaimed and the copy was being sent as a courtesy.

In response, the taxpayers sent a letter that protested the determination but did not state their reason for protest. Instead, the letter said the copy of the notice did not include copies of documents supporting the Bureau's findings and their counsel advised them the protest period should not begin until they had received all information and the penalty should not be assessed.

The Bureau responded with a letter wherein the taxpayers were advised that their protest was not perfected because their letter did not contain the information required by Idaho Administration and Enforcement Rule 320.0. The taxpayers were advised they had 28 days to submit the required information for a valid protest.

On January 14, 2003, the Bureau received a second letter from the taxpayers wherein they protested the deficiency because withholding was not deducted from the tax computations. They said they were in the process of having the missing returns prepared and would submit them no later than March 1, 2003.

Nothing further was heard from the taxpayers and their file was transferred to the Legal/Tax Policy Division for administrative review. They did not respond to a letter from the Tax Appeals Specialist that advised them of their appeal rights.

Tax Commission records show that during 1998 through 2000 the taxpayers were Idaho residents with Idaho sourced income in excess of Idaho's filing requirements. However, they have not filed Idaho individual income tax returns for any of the years.

The taxpayers stated their W-2s reflect state withholding that was not recognized in the notice. However, they did not furnish copies of those W-2s. The taxpayers' income amounts were obtained from the [Redacted] and do not include Idaho withholding for any of the years at issue. The Bureau was unable to allow credit for withholding that could not be identified.

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 October 1, 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>
1998	\$8,127	\$2,032	\$2,376	\$12,535
1999	6,145	1,536	1,349	9,030
2000	5,750	1,438	802	7,990
			TOTAL	<u>\$29,555</u>

Interest is computed through April 1, 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]