

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17151
[Redacted])	
Petitioners.)	DECISION
)	
)	

On December 5, 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 1999 and 2000 in the total amount of \$21,707.

The taxpayers filed a timely protest. 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.

The taxpayers failed to file Idaho individual income tax returns for tax years 1999 and 2000 even though they satisfied the filing requirements stated in Idaho Code § 63-3030. The Bureau requested and received [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.

Because the taxpayers did not file their 1999 and 2000 state income tax returns, the Bureau prepared provisional returns and issued a deficiency notice. The income was determined by examining the W-2s and 1099s [Redacted] Withholding that was identified in Tax Commission records was credited to off set a portion of the each year's resulting tax.

The taxpayers responded with a letter of protest signed by [Redacted]. The letter said the taxpayers were in the process of having their returns prepared and would have them ready for filing by the first week in March. He said he was self-employed and suffered losses both years. Furthermore, the IRA distribution was in fact a qualified rollover and not a part of income.

Further research by the Bureau confirmed the rollover; however, without business records or information regarding [Redacted] business, the Bureau could not confirm income or losses resulting from his self-employment. The Bureau mailed the taxpayers an amended determination reflecting the IRA rollover and offered them an opportunity to accept the new figures and cancel the appeal. No reply was received to that letter or an additional letter asking the taxpayers to file their 1999 and 2000 Idaho income tax returns. When the taxpayers appeared to ignore the correspondence, the taxpayers' file was transferred to the Legal/Tax Policy Division of the Tax Commission for administrative review. The Tax Commission received no response to a letter to the taxpayers wherein their appeal rights were outlined.

The taxpayers met the requirements for filing Idaho income tax returns for both 1999 and 2000; yet they have not filed those Idaho returns. Nothing has been submitted that would cast doubt on the Bureau's determination, which was calculated after considering the taxpayers' income information [Redacted] and the records retained by the Tax Commission and the Idaho Department

of Labor. 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 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 December 5, 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:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1999	\$3,065	\$766	\$705	\$4,536
2000	2,932	733	440	<u>4,105</u>
			TOTAL DUE	<u>\$8,641</u>

Interest is computed through June 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]