

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17403
[Redacted])	
Petitioners.)	DECISION
)	
)	

On December 11, 2002, the Tax Discovery Bureau (TDB) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (petitioners), proposing income tax, penalty and interest for the years 1996, 1997, 1998 1999, and 2000 in the total amount of \$13,885.

On June 13, 2003, a timely protest and petition for redetermination was filed by the petitioners. An informal hearing has not been requested by the petitioners. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision affirming the NOD.

The petitioners did not file their Idaho individual income tax returns for the years 1996 through 2000. On August 8, 2002, the Tax Discovery Bureau sent a letter and a questionnaire to the petitioners to help the Commission properly determine the petitioners' filing requirement. The petitioners did not respond to this letter so TDB obtained i[Redacted] After reviewing the federal information and the petitioners' prior year's returns, it was decided to average their earnings and prior filings to arrive at an income level that would support the lifestyle of the petitioners. The notice of deficiency was issued on December 11, 2002.

The petitioners were notified that their letter dated February 1, 2003 did not meet the standard of a perfected protest. On June 13, 2003, petitioners submitted another protest letter which stated:

I have received the enclosed letter dated May 9, 2003 from you concerning a proposed adjustment to my Tax Deficiency Determination for 12/96-12/00.

Your notice indicated that I did not report income on my Tax Deficiency Determination for 12/96-12/00. I disagree with your findings. The reason this item was not reported on my Tax Deficiency Determination is that We did file tax returns for the periods 1996-1999 and apparently you are not in receipt of the returns. I have requested copies of our returns from [Redacted]. According to our records these returns have been done and filed. I will provide a copy as soon as we receive them. You will find that little to no tax is due. They are in the process of copying them and mailing them to us. The '99 and '00 returns are in preparation. Our accountant is working on these returns and will be done in approximately 90 days. He has filed an extension to reflect doing so. Please allow 90 days to complete this process. Your help and consideration is appreciated. Please adjust your records accordingly.

Please contact me at the address given above if you have any questions or need additional information.

In their protest letter the petitioners appear to contradict themselves. They state that they did file the return for tax year 1999 and then, in the same paragraph, they state the return for tax year 1999 is in preparation.

In a letter dated June 16, 2003, the Tax Enforcement Specialist (specialist) informed the petitioners that they had filed a timely protest of the amount asserted in the NOD dated December 11, 2003. The specialist requested that the petitioners provide copies of their 1996-2001 Idaho and federal income tax returns and supporting schedules, to his attention, no later than July 3, 2003. Since the petitioners were given ample time to complete and forward the returns to the Commission yet failed to do so, [Redacted]file was sent to the Commission's legal/policy division for further

review.

On August 5, 2003, the Tax Policy Specialist (policy specialist) sent the petitioners a letter to inform them of their alternatives for redetermining a protested NOD. A follow-up letter was sent on October 3, 2003. The petitioners did not respond to either letter.

Since the petitioners have not provided the Commission with a contrary result to the Commission's original determination, the Commission must uphold the deficiency as asserted.

WHEREFORE, the Notice of Deficiency Determination dated December 11, 2002, as MODIFIED, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioners pay the following tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$2,239	\$560	\$1,130	\$3,929
1997	2,040	510	851	3,401
1998	1,494	374	509	2,377
1999	1,747	437	525	2,709
2000	1,318	330	290	<u>1,938</u>
			TOTAL DUE	<u>\$14,354</u>

Interest is computed through March 2, 2004.

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

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]

Receipt
