

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17319
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

On February 27, 2003, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable years 1998 through 2001 in the total amount of \$27,593.

On May 1, 2003, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's hearing rights letter and has provided no additional information for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

While reviewing the Tax Commission's records, the Tax Discovery Bureau (Bureau) found that the taxpayer stopped filing Idaho income tax returns after filing her 1997 return. The Bureau sent the taxpayer a letter asking her about her requirement to file Idaho income tax returns. The taxpayer failed to respond. The Bureau obtained additional information from [Redacted] and other third parties. From that information, the Bureau determined the taxpayer did have a filing requirement for the taxable years 1998 through 2001. The Bureau prepared returns for the taxpayer and sent her a Notice of Deficiency Determination.

The taxpayer's husband, [Redacted], protested the Bureau's determination. He stated the returns were not filed because he was working to keep their business open. He stated he was 71½ years old and working on average 100 hours per week on their business. He stated he did not know how the Bureau arrived at its adjusted gross income amount. Their business never

generated that amount of income. Mr. [Redacted] stated he had their 2001 taxes about 25% completed and hoped to have them finished in a couple of weeks. He stated their adjusted gross income after all the deductions would be closer to \$0 than to the amount the Bureau determined. Mr. [Redacted] said it would take some time, but he intends to submit income tax returns for consideration.

The Bureau allowed the taxpayer additional time to provide returns, but none were provided. The Bureau sent the taxpayer several letters asking for the returns, but the taxpayer failed to respond. The Bureau reviewed the information in the taxpayer's protest letter and determined the original Notice of Deficiency Determination was in error. The Bureau cancelled the Notice of Deficiency Determination dated February 27, 2003, and issued corrected Notices of Deficiency Determination to the taxpayer and to [Redacted], separately. Neither the taxpayer nor Mr. [Redacted] responded to the Bureau's corrected determination. However, since Mr. [Redacted] protested the original determination, the Bureau considered the matter still under protest and referred the case for administrative review. Hereinafter, the taxpayer and [Redacted] will be collectively referred to as taxpayers.

The Tax Commission sent the taxpayers a letter giving them two options for redetermining the Notices of Deficiency Determination. The taxpayers did not respond. The Tax Commission sent a follow-up letter to the taxpayers but still received no response. Therefore, the Tax Commission decided the matter based upon the information available.

The Bureau obtained information that showed the taxpayers had income in excess of the filing requirements of Idaho Code section 63-3030 for each of the years in question. This information included wages earned by Mrs. [Redacted], distributions from IRAs and/or other retirement plans, and agricultural subsidies. In addition, the Bureau obtained a credit application

completed in January 2001 by Mrs. [Redacted] that stated she had gross monthly income from employment of \$775 and that, as a co-owner of a business with her husband, she had other monthly sources of income of \$5,000.

The Bureau used this information in its Notice of Deficiency Determination dated February 27, 2003, to determined Mrs. [Redacted]'s income. However, after receiving the taxpayers' protest letter, the Bureau found that its February 27, 2003, Notice of Deficiency Determination was in error. The Bureau cancelled that determination and issued new Notices of Deficiency Determination dated August 19, 2003, to each of the taxpayers as separate individuals. The Bureau did this to comply with the community property laws of the state of Idaho.

The taxpayers stated the income was greater than what their business had generated. They stated their adjusted gross income would be closer to \$0 than what the Bureau determined. However, the taxpayers did not provide anything to substantiate their claim of a near \$0 adjusted gross income. They have not met their burden of proof. Albertson's, Inc. v. State, Dept. of Revenue, State Tax Com'n, 106 Idaho 810, 683 P.2d 846 (1984). Therefore, in absence of any information to the contrary, the Tax Commission upholds the Bureau's determination.

WHEREFORE, the Notice of Deficiency Determination dated August 19, 2003, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer, [Redacted], pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1998	\$2,071	\$518	\$766	\$3,355
1999	1,978	495	588	3,061
2000	1,935	484	420	2,839
2001	1,818	455	255	<u>2,528</u>
			TOTAL DUE	<u>\$11,783</u>

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

An explanation of the taxpayer's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2004.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2004, 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 No.
