

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17688
[REDACTED] &)	
[REDACTED],)	DECISION
Petitioners.)	
_____)	

On August 18, 2003, 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 2000 and 2001 in the total amount of \$44,770.

The taxpayers filed a timely protest. They did not submit additional information or request an informal conference. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

The taxpayers filed resident Idaho income tax returns each year through 1999. However, for the year 2000 forward, the Bureau could find no record of the taxpayers filing Idaho income tax returns. The Bureau sent the taxpayers a letter advising them of the missing returns and asking them for an explanation. The taxpayers did not respond.

[Redacted] Those records indicated the taxpayers' income for the years in question exceeded the filing requirements of Idaho Code § 63-3030.

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 state income tax returns, the Bureau prepared provisional returns and issued a deficiency notice. The taxpayers answered the notice in a letter signed by [Redacted] stating:

We the above complaints [sic] do not agree with your notice of deficiency in the amount of the tax you have claimed we owe. There had been a conflict in the amount of income listed for Futures Unlimited, which we own and the amount the State of Idaho stated was income thru the ICCP program. I have since audited my computer system and agree with the amount. Our tax return will be mailed as soon as our accountant can adjust our building account [sic].

The Bureau sent the taxpayers a letter to acknowledge their protest and ask them to provide their returns by November 7, 2003. The returns did not arrive, and the taxpayers' file was transferred to the Legal/Tax Policy Division of the Tax Commission for administrative review.

The Tax Appeals Specialist sent the taxpayers a letter advising them of their appeal rights and responsibilities. On April 19, 2004, [Redacted] telephoned to ask for more time. She explained that she had finally taken all of her paperwork to an accountant who was preparing returns for the years 2000 through 2003. She promised to deliver the Idaho returns for the years in question to the Tax Commission no later than May 15, 2004. Neither of the taxpayers has contacted the Tax Commission regarding the missing income tax returns since that April 19th telephone call, and the returns have not been filed.

The Bureau prepared Idaho resident income tax returns on behalf of the taxpayers that were based on income information gleaned from the taxpayers' federal income records and the records

retained by the Tax Commission. The Tax Commission's information indicated the taxpayers were and are affiliated with four Idaho businesses from which they may have derived income along with the wages [Redacted].

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).

The taxpayers have provided nothing that would dissuade the Tax Commission from accepting the Bureau's determination of Idaho income and Idaho income tax for tax years 2000 and 2001. The penalty and interest additions were calculated in conformity with Idaho Code §§ 63-3045 and 63-3046.

WHEREFORE, the Notice of Deficiency Determination dated August 18, 2003, 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>
2000	\$ 9,247	\$2,312	\$1,822	\$13,381
2001	23,602	5,901	2,830	<u>32,333</u>
			TOTAL	\$45,714

Interest is computed through May 1, 2004.

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 _____, 2004.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this ____ day of _____, 2004, 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]
