

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17738
[Redacted])	
Petitioners.)	DECISION
)	
_____)	

On September 12, 2003, the staff of the Income Tax Audit Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax and interest for the taxable years 2000 and 2001 in the total amount of \$43,928.

On November 12, 2003, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing but rather submitted additional information for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The taxpayers are nonresident partners of an Idaho partnership. The Income Tax Audit Bureau (Bureau) selected the partnership's 2000 and 2001 returns for review and found that the taxpayers only reported the partnership's allocated income to Idaho. Since the partnership had apportioned income that should have been reported to Idaho, the Bureau adjusted the taxpayers' returns to include the partnership's apportioned income. The Bureau sent the taxpayers a Notice of Deficiency Determination, which the taxpayers protested.

The taxpayers stated the Bureau's determination was wrong because the apportioned income to Idaho was incorrect. They stated that substantially all of the pass-through income from the partnership was [Redacted] source income that is not taxable by the state of Idaho. The taxpayers stated that documentation of the pass-through income apportionment would be provided if requested.

The Bureau requested the documentation and the taxpayers sent the Bureau some tables showing figures for depreciable assets, property, payroll, and gross sales. The Bureau felt this information was inadequate to justify any change to its determination; therefore, the matter was referred for administrative review.

The Tax Commission sent the taxpayers a letter giving them two alternatives for having the Notice of Deficiency Determination redetermined. The taxpayers responded with detailed schedules and explanations to support the changes required on the partnership returns. The Tax Commission reviewed the information the taxpayers provided and determined the corrections were reasonable. The Tax Commission amended the partnership returns and adjusted the taxpayers' returns accordingly.

WHEREFORE, the Notice of Deficiency Determination dated September 12, 2003, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$9,383	\$2,183	\$11,566
2001	<45,780>	<7,120>	<52,900>
		TOTAL REFUND	<u>\$<41,334></u>

Since the taxpayers are due a net refund, no DEMAND for payment is required.

An explanation of the taxpayers' 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]
[REDACTED]

[Redacted]
