

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 18864
[REDACTED],)	
)	DECISION
Petitioner(s).)	
_____)	

On October 13, 2004, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer), proposing income tax, penalty, and interest for taxable years 1998 through 2002 in the total amount of \$11,212.

The taxpayer filed a timely appeal and a telephone conference was held. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Tax Commission records showed the taxpayer was an Idaho resident who appeared to meet the Idaho income tax filing requirements. The Bureau attempted to contact the taxpayer for an explanation of why her 1998 through 2002 Idaho returns had not been filed, but she did not respond to the inquiries.

[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.

The Bureau prepared the missing Idaho returns on behalf of the taxpayer and sent her a NODD. The taxpayer filed a timely protest wherein she stated she would provide the missing returns. However, she did not give an indication of when that might be. She asked for an informal hearing, “. . . as I am unsure of what all this involves, and what we can do to resolve this matter.”

The Bureau sent a letter acknowledging the taxpayer’s protest and asking the taxpayer to submit the missing returns no later than January 14, 2005. Pursuant to the taxpayer’s request, copies of the Idaho Department of Labor records, W-2s retrieved from the Tax Commission’s database, [Redacted] and tax forms and instructions for each of the years at issue were also sent.

After additional delays and broken promises by the taxpayer, her file was transferred to the Legal/Tax Policy Division for administrative review. In response to a letter advising the taxpayer of her appeal rights, the taxpayer sent a letter asking again for the information that had been sent to her earlier. She had acknowledged receiving the entire packet of information at that time.

After several attempts to schedule a meeting, a telephone conference was held on September 23, 2005. During that conversation, the taxpayer said she agreed with the filing status and the computation of taxes. She asked to submit additional W-2s showing withholding for 2000, 2001, and 2002. The Tax Commission received the missing withholding information from the taxpayer two weeks later.

Tax Commission records show that during the taxable years 1998 through 2002, the taxpayer was an Idaho resident with Idaho sourced income in excess of Idaho’s filing requirement. These facts the taxpayer does not dispute. However, she did not file Idaho income tax returns for those years. The Bureau prepared returns on the taxpayer’s behalf that she now accepts as accurate.

Income withheld from the taxpayer’s wages as shown in the W-2s she submitted is allowed

to offset each year's tax due. The withholding for 2000 reduces the tax due for the year, and the penalty and interest amounts are adjusted accordingly. The withholding credit for tax year 2001 resulted in a \$9 refund. However, because Idaho Code § 63-3035(e) limits the time a taxpayer can claim a refund or credit of withholding to three years from the due date of the return, credit or refund of the \$9 is denied. The credit of \$255 for tax year 2002 is allowed as a credit against the tax owed on the other years at issue.

The Bureau added interest and penalty to each year's tax due pursuant to Idaho Code §§ 63-3045 and 63-3046. The Tax Commission reviewed those additions and found them proper and in accordance with Idaho Code.

WHEREFORE, the Notice of Deficiency Determination dated October 13, 2004, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>REFUND</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1998	\$ 170		\$ 43	\$ 76	\$ 289
1999	823		206	306	1,335
2000	1,524		381	445	2,350
2001	-0-		-0-	-0-	-0-
2002	-0-	(\$ 255)	-0-	-0-	<255>
				TOTAL DUE	<u>\$ 3,719</u>

Interest is computed through December 1, 2005.

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

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

DATED this ____ day of _____, 2005.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this _____ day of _____, 2005, 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]

Receipt No.
