

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19181
[REDACTED])	
Petitioners.)	DECISION
)	
)	

On September 28, 2005, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable years 2001 through 2003 in the total amount of \$24,975.

The taxpayers filed a timely appeal. They did not submit additional information. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Tax Commission records showed the taxpayers were Idaho residents who had not filed Idaho individual income tax returns for 2002 and 2003. [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.

Because Idaho income tax records did not include the taxpayers' 2002 and 2003 Idaho

returns [Redacted], the Bureau notified the taxpayers of the missing returns and questioned them [Redacted]. The taxpayers did not respond.

The Bureau sent the taxpayers a NODD addressing tax years 2001 through 2003 [Redacted]. The taxpayers protested in a letter dated November 29, 2005, that was signed by [Redacted]. Mr. [Redacted] said the taxpayers did not agree with the determination because it did not include itemized deductions. He said he was, “in the process of compiling accurate tax returns and will file them soon.”

The Bureau responded by letter acknowledging the protest and asking again for the returns. Additional time was allowed but the returns were not filed. On February 13, 2006, Mr. [Redacted] sent an email message to the Bureau promising he would have the returns delivered to the Tax Commission by the next Monday. Again, the returns did not arrive.

On March 13, 2006, Mr. [Redacted] sent a second email to the Bureau. In that message, he said he had filed his 2002 federal return on the weekend but was having trouble with his Turbo Tax software. He said he was going to be, “calling Intuit today to get this resolved, and then complete the Idaho return.”

When nothing was received from the taxpayers, their protest file was transferred to the Legal/Tax Policy Division for administrative review. The Tax Appeals Specialist sent a letter to the taxpayers to advise them of their rights regarding their appeal, but no response was received.

Tax Commission records show that during the years 2002 and 2003 the taxpayers were Idaho residents with Idaho sourced income in excess of Idaho’s filing requirements. The taxpayers have not filed the two Idaho individual income tax returns and have not indicated when the Tax Commission might expect to receive those returns.

The Bureau used [Redacted] records of the taxpayers’ income to calculate the Idaho tax. The taxpayers were allowed the standard deduction and credit for two personal exemptions. The Bureau

added interest and penalty 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.

The taxpayers' [Redacted] records for 2001 show the taxpayers received a pension/annuity from [Redacted] in the amount of \$99,492 that they did not report to [Redacted] Idaho. The Bureau calculated the Idaho income tax as a result of the additional income and included the determination in the NODD addressing tax years 2002 and 2003. In the letter protesting the NODD and subsequent emails, the taxpayers discussed only the two years that had not been filed. They did not mention the unreported income received in 2001.

The Tax Commission is left with no choice in the appeal. Unless the taxpayers file Idaho returns or provide additional information to show the Bureau's computations are in error, the Tax Commission is unable to adjust the NODD.

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 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).

WHEREFORE, the Notice of Deficiency Determination dated September 28, 2005, 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>
2001	\$7,760	\$ 388	\$1,918	\$10,066
2002	4,904	1,226	897	7,027
2003	6,153	1,538	800	<u>8,491</u>
			TOTAL	\$25,584

Interest is computed through June 15, 2006.

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

An explanation of the taxpayers' right to appeal this decision is included with this decision.

DATED this ____ day of _____, 2006.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2006, 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.
