

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19545
[Redacted])	
)	DECISION
Petitioners.)	
_____)	

[Redacted] (petitioners) protest the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated March 30, 2006. The notice of deficiency determination asserted additional Idaho income tax, penalty, and interest in the total amounts of \$2,933 and \$1,085 for 2002 and 2003, respectively.

The auditor sent a letter to the petitioners on April 27, 2005, advising them that their 2002 and 2003 Idaho income tax returns had been selected for audit. For a year, the auditor attempted to obtain records from the petitioners to support their claimed deductions both for their Schedules C (Profit or Loss From Business) and for their Schedules A (Itemized Deductions). He only obtained a few records to support the claimed medical expenses. The sum of the supported medical expenses did not exceed seven and one-half percent of adjusted gross income. Therefore, the documentation did not support any amount which had been deducted. After numerous unsuccessful attempts to get the additional records to support the claimed deductions, the auditor issued the Notice of Deficiency Determination referred to above disallowing the questioned deductions.

The petitioners protested the Notice of Deficiency Determination. However, they did not submit any additional documentation or authority to support the deductions they claimed. Therefore, the Commission, having reviewed the information in the file, issues its determination for this docket.

[Redacted] received wages reported on Forms W-2 from his employers. The auditor obtained copies of some of the original W-2s [Redacted]. The auditor found that some of the W-2s for [Redacted] had been modified. For both 2002 and 2003, the Forms W-2 from [Redacted] had been changed to indicate that the withheld state income tax was withheld for Idaho while the originals indicated that it had been withheld for [Redacted]. For 2003, the W-2 from [Redacted] had been further modified in that the "Statutory employee" box was checked on the copy of the form filed with the petitioners' return but was not checked on the original. The auditor disallowed the credit claimed by the petitioners for the [Redacted] withholding and added a negligence penalty.

Apparently, [Redacted] reported this income on his Schedules C (Profit or Loss From Business) and claimed expenses to offset part of this income. However, he has failed to supply the necessary documentation to verify that he is entitled to these claimed deductions.

The Commission finds that the petitioners have failed to carry their burden of proof with regard to each and every issue presented in this matter.

WHEREFORE, the Notice of Deficiency Determination dated March 30, 2006, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioners pay the following tax and interest (calculated to January 15, 2007):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$2,383	\$119	\$514	\$ 3,016
2003	922	46	150	<u>1,118</u>
				<u>\$ 4,134</u>

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]