

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 17210
[Redacted],	)	
	)	DECISION
Petitioners.	)	
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On January 3, 2003, 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 tax years 1999 and 2000 in the total amount of \$17,081.

The taxpayers protested the determination by submitting both Idaho income tax returns without attaching copies of W-2s or copies of their federal returns. They asked for additional time to secure the missing documents. However, they failed to submit copies of their federal income tax returns for 1999 and 2000 and did not submit anything to establish the income they claimed in the Idaho returns they submitted for filing. The Tax Commission, having reviewed the file, hereby issues its decision based thereon.

Information available to the Tax Commission indicated the taxpayers were Idaho residents who met the filing requirements for 1999 and 2000. Because the Tax Commission's files did not include the taxpayers' Idaho individual income tax returns for those years, the Bureau prepared the returns on the taxpayers' behalf and issued a NODD.

The taxpayers submitted two incomplete Idaho individual income tax returns. When they did not respond to requests for complete returns, their file was transferred to the Legal/Tax Policy

Division for administrative review. The taxpayers did not respond to a letter from the Tax Policy Specialist that outlined their appeal rights.

Idaho Code § 63-3002 defines the intent of the Idaho legislature regarding Idaho income tax:

**63-3002. Declaration of intent.** -- It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; to achieve this result by the application of the various provisions of the Federal Internal Revenue Code relating to the definition of income, exceptions therefrom, deductions (personal and otherwise), accounting methods, taxation of trusts, estates, partnerships and corporations, basis and other pertinent provisions to gross income as defined therein, resulting in an amount called "taxable income" in the Internal Revenue Code, and then to impose the provisions of this act thereon to derive a sum called "Idaho taxable income"; to impose a tax on residents of this state measured by Idaho taxable income wherever derived and on the Idaho taxable income of nonresidents which is the result of activity within or derived from sources within this state. All of the foregoing is subject to modifications in Idaho law including, without limitation, modifications applicable to unitary groups of corporations, which include corporations incorporated outside the United States.

Idaho Code § 63-3030 establishes the filing requirement for Idaho income tax returns:

**63-3030. Persons required to make returns of income.** -- (a) Returns with respect to taxes measured by income in this chapter shall be made by the following:

- (1) Every resident individual required to file a federal return under section 6012(a)(1) of the Internal Revenue Code.
- (2) Any nonresident individual having for the current taxable year a gross income from Idaho sources in excess of two thousand five hundred dollars (\$2,500), or any part-year resident individual having for the current taxable year a gross income from all sources while domiciled in or residing in Idaho, and from Idaho sources while not domiciled in and not residing in Idaho, which in total are in excess of two thousand five hundred dollars (\$2,500);

During the years at issue, the taxpayers had an active Idaho withholding permit doing business as [Redacted]. They do not deny they are required by law to file complete Idaho individual income tax returns for the years in question; yet they have not filed those returns. The taxpayer's Idaho income tax responsibility was calculated from information contained in W-2s and 1099s [Redacted] and other information retained by the Tax Commission. [Redacted]. The Bureau calculated the taxpayers' Idaho tax using two standard deductions and two exemptions. Withholding and the grocery credit reduced the tax due. Interest and penalty was added 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.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Comm'n, 110 Idaho 572 (Ct. App. 1986). The burden is on the taxpayers to show that the tax deficiency is erroneous. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

The taxpayers have failed to file complete Idaho individual income tax returns for the years in question. Absent information to the contrary, the Tax Commission accepts the Bureau's calculation of Idaho income tax, penalty, and interest for tax years 1999 and 2000.

WHEREFORE, the Notice of Deficiency Determination dated January 3, 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>
1999	\$6,099	\$1,525	\$2,771	\$10,395
2000	5,881	1,470	2,202	<u>9,553</u>
			TOTAL DUE	<u>\$19,948</u>

Interest is calculated through April 1, 2007.

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

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

DATED this \_\_\_\_ day of \_\_\_\_\_, 2007.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this \_\_\_\_ day of \_\_\_\_\_, 2007, 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]

Receipt No.

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