

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19327
[REDACTED])	
)	DECISION
Petitioner.)	
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)	

On January 6, 2006, the Idaho State Tax Commission’s (Commission) Income Tax Audit Bureau (Bureau) issued a Notice of Deficiency Determination (NODD) to [Redacted] (petitioner) proposing additional income tax, penalty, and interest for the taxable year 2000 in the total amount of \$83,640. The petitioner filed a timely protest and petition for redetermination. The petitioner was informed of his hearing rights by letter on November 3, 2006. The petitioner requested a hearing to be held by telephone. The petitioner was notified by letter dated March 23, 2007, that a hearing was scheduled for April 10, 2007, and that the petitioner was to initiate the telephone call to the Commission on that date. The petitioner did not respond before April 10, 2007, nor initiate the call on April 10, 2007; therefore, the Commission, having reviewed the file, hereby issues its decision.

In 2005, the Bureau obtained electronic 1099 information reporting that property [Redacted][Redacted] had been sold on April 18, 2000, for \$672,000. The information obtained was as follows:

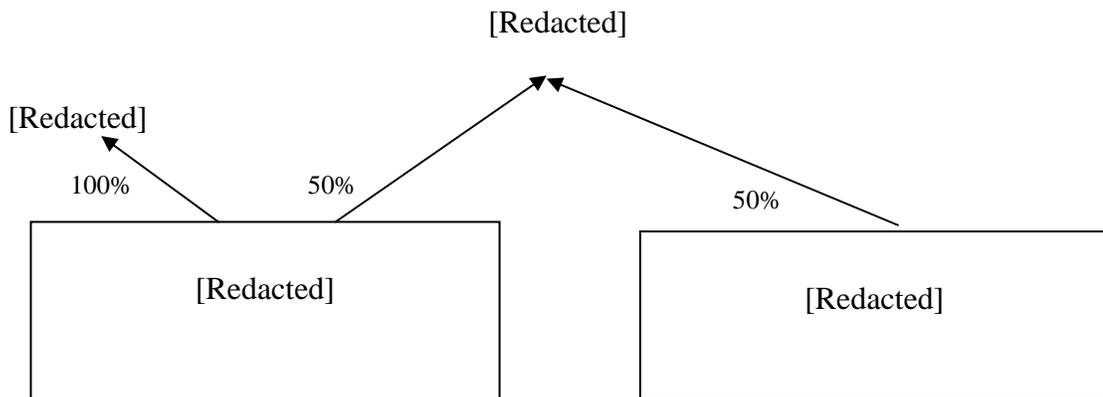
[Redacted]	[Redacted]
[Redacted]	[Redacted]

On August 3, 2005, and September 14, 2005, the bureau sent a letter [Redacted] seeking information regarding the sale of the Idaho property in order to determine the petitioner's Idaho filing requirement, if any, for tax year 2000. On September 13, 2005, the petitioner informed the bureau that a family partnership had exchanged the property for some other property and that the petitioner would provide the details at a later date. On November 21, 2005, the bureau requested that the petitioner provide a copy of his federal income tax return and a copy of the Idaho and federal partnership returns for the partnerships that supposedly owned the Idaho property. Having not received the requested information, the bureau issued the NODD on January 6, 2006, seeking tax, penalty, and interest totaling \$83,640. The petitioner filed a timely protest on March 7, 2006.

In the NODD, the bureau determined the petitioner's Idaho taxable income as follows:

Gross Proceeds	\$672,000
Personal Exemption	\$ (2,800)
Standard Deduction	\$ (4,400)
Idaho Taxable Income	<u>\$664,800</u>

If the Commission correctly understands the explanation of the facts and circumstances surrounding the sale of the Idaho property as explained in the petitioner's protest letter dated March 7, 2006, the structure according to the petitioner would be as follows:



[Redacted].

The petitioner has not provided copies of the partnership returns, partnership formation documents, sales agreements, or other documentation to support the petitioner's version of the facts regarding the sale of the Idaho property. In Idaho, it is well established that a State Tax Commission Notice of Deficiency Determination is presumed to be correct, and the taxpayer bears the burden of showing that the proposed deficiency determination is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). The petitioner has not met his burden. The Bureau based its computation on the 1099 information received from a third party. The petitioner has not provided any documentation to verify that the petitioner was not the seller of the Idaho property in question. Therefore, the Tax Commission upholds the Bureau's determination including the Idaho Code section 63-3046(c) penalty for failure to file an Idaho income tax return for tax year 2000.

WHEREFORE, the Notice of Deficiency Determination dated January 6, 2006, is hereby APPROVED, AFFIRMED, and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$53,601	\$13,400	\$23,189	\$90,190

Interest is calculated through July 20, 2007, and will continue to accrue at the rate set forth in Idaho Code section 63-3045.

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

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

DATED this _____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2007, 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]

Receipt No.
