

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

In the Matter of the Protest of )  
 ) DOCKET NO. 19469  
[REDACTED], )  
 ) DECISION  
 )  
Petitioner. )  
\_\_\_\_\_ )

On April 4, 2006, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable years 2002 and 2003 in the total amount of \$10,420.

On June 3, 2006, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's hearing rights letter and has provided nothing further for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information that showed the taxpayer may have had a filing requirement with the state of Idaho. The Bureau sent the taxpayer letters asking about his requirement to file Idaho individual income tax returns. The taxpayer did not respond. The Bureau obtained information [Redacted] and determined the taxpayer was required to file Idaho income tax returns for the taxable years 2002 and 2003. The Bureau prepared returns for the taxpayer based upon the information obtained [Redacted] and sent the taxpayer a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination. He stated tax returns were prepared for those years for a calculation of child support payments and his income for 2002 was much less than what the Bureau determined. He stated his girlfriend was supposed to mail the returns

to the Tax Commission, but he knows now that it was never done. The taxpayer stated [Redacted] it is difficult to have the time to deal with these things; but now that he knows about his tax deficiency, he will make the effort to get the matter resolved.

The Bureau gave the taxpayer additional time to provide additional information but the taxpayer failed to provide anything. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayer a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayer did not respond. The Tax Commission sent a follow-up letter and gave the taxpayer a significant amount of time to respond, but still he failed to respond. Believing the taxpayer has had ample opportunity to provide whatever additional information he wanted the Tax Commission to consider, the Tax Commission decided the matter based upon the information available.

The taxpayer does not contest the fact that he was required to file Idaho individual income tax returns. Rather, his point of contention is the amount of income the Bureau attributed to him for 2002. The Bureau determined the taxpayer's 2002 adjusted gross income was \$87,593. The taxpayer stated his gross income for 2002 was \$19,774 as determined by his W-2 forms. To complicate the matter further, a timely filed 2002 federal income tax return reported the taxpayer's adjusted gross income at \$21,121.

From the information available, the Tax Commission can recreate the amounts reported by the Bureau and the federal income tax return. The taxpayer's amount cannot be recreated. The Bureau's number includes an amount reported as a mortgage repossession. This figure does not appear to be included in the federal return information. However, since the Bureau's income figure came from [Redacted] information and [Redacted] has not adjusted the taxpayer's 2002

return through its matching program, the Tax Commission is reluctant to use the Bureau's number as the taxpayer's income.

Furthermore, Idaho Code section 63-3002 states that the Idaho Income Tax Act is to be identical to the federal Internal Revenue Code as it relates to the measurement of taxable income. Considering the Tax Commission is using information obtained [Redacted] and [Redacted] has not adjusted the taxpayer's 2002 return, the Tax Commission finds that the appropriate taxable income for the taxpayer is computed by starting with the adjusted gross income reported [Redacted] on the taxpayer's federal income tax return.

WHEREFORE, the Notice of Deficiency Determination dated April 4, 2006, is hereby MODIFIED, in accordance with the provisions of this decision 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>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$ 796	\$ 199	\$ 223	\$ 1,218
2003	1,376	344	313	<u>2,033</u>
			TOTAL DUE	<u>\$ 3,251</u>

Interest is calculated to December 1, 2007.

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

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

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

IDAHO STATE TAX COMMISSION

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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]

Receipt No.

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