

up letter to the taxpayers but still received no response from them. Therefore, the Tax Commission decided the matter based upon the information available.

Idaho Code section 63-3002 states the intent of the Idaho Legislature regarding the Idaho Income Tax Act. It states that the Idaho Act is to be identical to the Internal Revenue Code as it relates to the measurement of taxable income, in so much as that the taxable income reported to Idaho is the same as that reported to the Internal Revenue Service, subject to the modifications contained in the Idaho law. The Bureau received information [Redacted] that showed the taxpayers' federal taxable income had changed. The change was the result of omitted income. Since the taxpayers were Idaho residents, they were required to report their income from all sources to Idaho. Therefore, the Bureau corrected the taxpayers' Idaho income tax return to include the omitted income.

In the taxpayers' protest letter they stated that the omitted income was reported on the Idaho income tax return of [Redacted] [Redacted]'s grandfather. The taxpayers stated the matter was under review and they needed additional time for a determination to be made.

Since the taxpayers did not respond to either of the Tax Commission's letters, the Tax Commission has no additional information on which to make its decision. The Tax Commission does not know who was reviewing the omitted income for the taxpayers or how much additional time was needed. Nevertheless, the time has come for the Tax Commission to decide the matter.

[Redacted] In Idaho, it is well established that a Tax Commission deficiency notice is presumed to be correct and the taxpayer bears the burden of showing the deficiency 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). Therefore, the Tax Commission must uphold the Bureau's adjustment to the taxpayers' 2004 Idaho income tax return.

The Bureau added interest and penalty to the taxpayers' tax deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated August 17, 2006, is hereby APPROVED, AFFIRMED, and MADE FINAL.

The taxpayers paid the tax, penalty, and interest as stated in the Notice of Deficiency Determination so no further demand for payment is necessary.

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

DATED this _____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

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.
