

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
) DOCKET NO. 19927
[REDACTED],)
)
) DECISION
Petitioner.)
_____)

On November 2, 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 2003 and 2004 in the total amount of \$11,221.

The taxpayer filed a timely appeal and petition for redetermination. The taxpayer requested a hearing to submit returns for the Tax Commission to consider. The taxpayer provided the returns, and it was determined a hearing was not needed. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information that indicated the taxpayer may have had a filing requirement with the state of Idaho. The Bureau reviewed the Tax Commission's records and found that the taxpayer had not filed any Idaho income tax returns. The Bureau sent the taxpayer a letter asking about his requirement to file Idaho income tax returns. The taxpayer did not respond. The Bureau obtained additional information from the Internal Revenue Service and determined the taxpayer was required to file Idaho income tax returns for the tax years 2003 and 2004.

The Bureau prepared returns for the taxpayer and sent him a Notice of Deficiency Determination. The taxpayer protested the Bureau's determination. He stated he was not a

resident of Idaho during the whole period of the Bureau's determination. He stated the income amounts were erroneous and that he would file complete returns showing the correct amounts.

The Bureau allowed the taxpayer additional time to submit his income tax returns, but the taxpayer failed to provide any returns. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayer a letter setting forth two alternative methods for redetermining the Notice of Deficiency Determination. The taxpayer responded that he would provide income tax returns at a hearing with the Tax Commission that should resolve the matter. The Tax Commission contacted the taxpayer and told him a hearing would not be necessary if he provided the needed returns.

Within a couple of weeks the taxpayer provided income tax returns for the tax years 2004 and 2005. He did not provide a return for 2003. The Tax Commission contacted the taxpayer about the missing 2003 return. The taxpayer stated he forgot about the 2003 return, but he thought it was completed and would send it in.

It took a while but the taxpayer did submit his 2003 income tax return. The Tax Commission reviewed the taxpayer's 2003 and 2004 returns and found they represented the taxpayer's taxable income better than the returns prepared by the Bureau. Therefore, the Tax Commission accepted the taxpayer's returns, subject to the normal review processes of the Tax Commission, in lieu of the returns prepared by the Bureau.

When the taxpayer provided his returns, the Tax Commission found a math error on the taxpayer's 2004 return. The Tax Commission corrected the error and adjusted the taxpayer's tax accordingly. The Tax Commission also added interest and penalty to the taxpayer's 2004 tax in

accordance with Idaho Code sections 63-3045 and 63-3046. Interest and penalty was not added to 2003 because that return resulted in a refund.

WHEREFORE, the Notice of Deficiency Determination dated November 2, 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>REFUND</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2003	\$(408)	\$ 0	\$ 0	\$ 0	\$ (408)
2004		1,293	323	224	<u>1,840</u>
				TOTAL DUE	<u>\$1,432</u>

Interest computed to January 1, 2008.

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

An explanation of taxpayer's 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 in an envelope addressed to:

[REDACTED]

Receipt No.
