

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20038
[Redacted],)	
)	DECISION
Petitioner.)	
_____)	

On January 9, 2007, 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 2001, 2002, 2004, and 2005 in the total amount of \$7,081.

On March 12, 2007, 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 from the Idaho Department of Labor that showed the taxpayer may have had a requirement to file Idaho individual income tax returns. The Bureau researched the Tax Commission's records and found that the taxpayer had not filed income tax returns for the tax years 2001, 2002, 2003, and 2004. The Bureau sent the taxpayer a letter asking about his requirement to file the missing Idaho income tax returns. The taxpayer did not respond. [Redacted]

The Bureau prepared returns for the taxpayer and sent him a Notice of Deficiency Determination. The taxpayer protested the Bureau's determination with a completed 2002 Idaho return and a letter that implied he had filed returns for 2001, 2004, and 2005. The Bureau accepted the taxpayer's 2002 return and asked the taxpayer for copies of the other missing

returns. The taxpayer provided copies of his 2004 and 2005 returns and stated that he did not have a copy of his 2001 return. He asked that the Bureau consider the documents and information provided as his showing of good faith and that his 2001 return was timely filed. He asked that the matter be resolved in his favor.

The Bureau did consider what the taxpayer provided and accepted the returns for 2004 and 2005 in lieu of the returns it prepared. However, for 2001, the Bureau was unable to accommodate the taxpayer and just accept his statement that he filed his 2001 Idaho income tax return. Yet, when considering the returns and information the taxpayer provided, the Bureau determined that the 2001 return it prepared for the taxpayer should be adjusted so that the filing status and exemptions agreed with the taxpayer's 2002 through 2005 returns. The Bureau adjusted the 2001 return and sent the taxpayer a letter that showed the change made to the 2001 return. The Bureau also asked that if the change was acceptable with the taxpayer, he withdraw his protest.

The taxpayer did not respond to the Bureau's letter, so 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 to the taxpayer, but still he failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

The Idaho Department of Labor provided information to the Tax Commission that showed the taxpayer received Idaho source wages. The wages reported for each year exceeded the filing threshold of Idaho Code section 63-3030 for each of the years in question. Consequently, the taxpayer was required to file Idaho individual income tax returns for each

year. The taxpayer did not deny his requirement to file Idaho income tax returns. He believed the returns had already been filed. The taxpayer did provide copies of his 2002, 2004, and 2005 returns but was unable to provide a copy of his 2001 return. The Bureau accepted the taxpayer's 2002, 2004, and 2005 returns and sent the taxpayer a letter stating the deficiency for those years was cancelled. The Tax Commission agrees the tax deficiencies prepared by the Bureau for 2002, 2004, and 2005 should be cancelled and let the returns the taxpayer provided determine any tax deficiency. The Tax Commission further agrees that the taxpayer's statement that a tax return was filed for 2001 is insufficient evidence that the return was indeed filed.

The taxpayer provided nothing to support his claim that the 2001 return was filed.
[Redacted]

Since the taxpayer provided nothing to show the Bureau's tax deficiency for 2001 was incorrect or in error, he has failed to meet his burden of proof. See Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). The Bureau did subsequently adjust the taxpayer's 2001 deficiency based on the information provided with the other years' returns. The adjustments amounted to changing the taxpayer's filing status and number of exemptions. Those changes were not part of the Notice of Deficiency Determination. The Tax Commission finds that the filing status change and the change to the number of exemptions is reasonable and appropriate. Therefore, the Tax Commission upholds the Bureau's adjusted tax deficiency for the tax year 2001.

WHEREFORE, the Notice of Deficiency Determination dated January 9, 2007, 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>
2001	\$1,022	\$ 256	\$ 367	\$1,645

Interest is computed to February 15, 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

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.
