

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

In the Matter of the Protest of )  
 ) DOCKET NO. 20354  
[REDACTED], )  
 ) DECISION  
Petitioner. )  
\_\_\_\_\_ )

On May 8, 2007, the staff of the Income Tax Audit Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing additional income tax and interest for the taxable year 2004 in the total amount of \$602.

On July 9, 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 taxpayer timely filed his 2004 Idaho individual income tax return. The Income Tax Audit Bureau (Bureau) reviewed the taxpayer's return after receiving information from the Internal Revenue Service that showed the taxpayer's 2004 federal taxable income was greater than the taxable income reported on his Idaho income tax return. The Bureau sent the taxpayer a letter asking him to explain why his federal taxable income was different from his Idaho taxable income. The taxpayer responded that he worked in [Redacted] and [Redacted] for part of the year and did not report that income to Idaho. He also stated that he was a resident of Idaho for the entire year.

The Bureau obtained additional information from other sources available to the Tax Commission and determined the taxpayer should have reported all of his 2004 income to Idaho. The Bureau adjusted the taxpayer's Idaho income tax return and sent him a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination stating that he did not live in Idaho from August 20, 2004, to October 29, 2004; he was living and working in [Redacted]. He stated he was not required to pay Idaho tax on the income he earned while working and living in [Redacted].

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 the taxpayer a follow-up letter, but still he failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

Idaho Code section 63-3002 states that the Idaho income tax act is to be identical to the Federal Internal Revenue Code relating to the measurement of taxable income. Therefore, Idaho taxable income shall be the identical sum reported to the IRS, subject to modifications contained in the Idaho law. This code section also states it is the intent of the act to impose a tax on residents of Idaho measured by Idaho taxable income wherever derived.

The taxpayer stated he was a resident of Idaho. His statement is supported by the fact that he filed Idaho resident income tax returns for the last ten years. Other indications of the taxpayer's Idaho residency are his Idaho driver's license and his purchases of Idaho resident fish and game licenses for several years.

As stated in Idaho Code section 63-3002, a resident of Idaho is required to report all his income wherever derived to Idaho. In this case, the taxpayer worked part of the year in [Redacted] and [Redacted]. Since he was a resident of Idaho, the taxpayer should have reported all his earnings while working in [Redacted] and [Redacted] on his 2004 Idaho income tax return. The Bureau's adjustment added the income earned in [Redacted] and [Redacted].

Therefore, since the taxpayer was an Idaho resident and required to report all his income to Idaho, the Tax Commission upholds the Bureau's adjustment to the taxpayer's Idaho taxable income.

The taxpayer was also required to file an income tax return with the state of [Redacted] reporting the income he earned while working in [Redacted]. The W-2 Wage and Tax Statement the taxpayer received from his employer showed his [Redacted] earnings and [Redacted] withholdings for the year. An Idaho resident can claim a credit against his Idaho tax for taxes paid to another state if he paid tax to the other state on income that was taxed by both Idaho and the other state. Based upon the information available, the Tax Commission determined that the taxpayer did pay tax to the state of [Redacted]. Therefore, the Tax Commission allowed a credit for taxes paid to [Redacted].

WHEREFORE, the Notice of Deficiency Determination dated May 8, 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 and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$272	\$48	\$320

Interest is computed to January 15, 2008.

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 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.

\_\_\_\_\_