

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20017
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

On January 3, 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 2003 in the total amount of \$948.

On February 26, 2007, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer requested a hearing which was held August 30, 2007. In attendance at the hearing were the taxpayer, his father, and [Redacted], Tax Policy Specialist. The Tax Commission, having reviewed the file, hereby issues its decision.

The taxpayer timely filed his 2003 Idaho individual income tax return. The Income Tax Audit Bureau (Bureau) reviewed the taxpayer's return after receiving information [Redacted] that showed the taxpayer's 2003 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 did not respond to the Bureau's letter or any of its follow-up letters. Therefore, since the taxpayer filed an Idaho resident short form return, the Bureau determined the taxpayer's Idaho taxable income should be corrected to match the taxpayer's federal taxable income. 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 work the whole year in Idaho. He stated the income not reported to Idaho was income earned in Oregon and reported on his Oregon income tax return. The Bureau asked the taxpayer to provide a copy of his Oregon income tax return and to complete and return a domicile questionnaire. The taxpayer failed to respond to the Bureau's request, 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 requested a hearing. The Tax Commission met with the taxpayer, and it was decided that the taxpayer would get a copy of his Oregon return so he could at least receive a credit for taxes paid to Oregon. Several months passed with no contact from the taxpayer or a copy of his Oregon income tax return. Believing the taxpayer has had ample time to provide the necessary information, 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 Internal Revenue Service (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 did not contest his status as a resident of Idaho. Idaho Code section 63-3002 states a resident of Idaho is required to report to Idaho all his income wherever derived. In this case, the taxpayer worked part of the year in Oregon. Since he was a resident of Idaho, the taxpayer should have reported all his earnings while working in Oregon on his 2003 Idaho income tax return. The Bureau's adjustment added the income earned in Oregon. 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.

In addition to his Idaho return, the taxpayer was also required to file an Oregon income tax return reporting the income he earned in Oregon. The W-2 Wage and Tax Statement the taxpayer received from his employer showed his Oregon earnings and Oregon 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 Oregon. Therefore, the Tax Commission allowed a credit for taxes paid to Oregon.

WHEREFORE, the Notice of Deficiency Determination dated January 3, 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>
2003	\$ 310	\$ 77	\$ 387

Interest is computed to March 15, 2008.

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

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

DATED this _____ day of _____, 2008.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2008, 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.
