

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20066
[REDACTED])	
Petitioner.)	DECISION
)	
)	

On March 3, 2007, the Tax Collections Unit of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] asserting income tax and interest of \$45.06 for the 2005 taxable year. On July 20, 2007, the Collections Unit issued another Notice of Deficiency Determination to the Petitioner asserting income tax and interest of \$662.61 for the 2006 taxable year.

The Notices advised the Petitioner that, if she disagreed with the deficiencies determined by the Collections Unit, she could petition the Tax Commission for a redetermination.

[Redacted] protested the 2005 determination in a letter dated March 19, 2007, which the Commission treated as a petition for redetermination. In a letter dated July 19, 2007, the Collections Unit informed [Redacted] that her 2006 determination would be included with her protest involving the 2005 tax year.

In letters [Redacted] dated May 25, 2007, and October 3, 2007, the Commission notified the Petitioner that she could meet with a Commissioner or a designee in an informal conference to discuss the deficiency determined by the Collections Unit, or, in the alternative, submit additional information to show why the deficiency should be redetermined. The Petitioner elected not to attend an informal conference due to her work schedule.

This decision is based on the information contained in the Commission's files. The Commission has reviewed the files, is advised of their contents, and now issues this decision. For

the reasons set forth below, the Commission affirms the deficiency determined by the Collections Unit with interest updated through June 8, 2008.

The Petitioner lives in [Redacted] Idaho, and filed Idaho income tax returns for the 2005 and 2006 taxable years showing zero income. Based on information obtained by the Tax Commission's Tax Collection Unit, it appeared the taxpayer received income for the taxable years at issue. [Redacted] W-2 information [Redacted] shows the Petitioner received approximately \$12,019 of income in 2005 and \$ 21,286 of income in 2006.

Based on the [Redacted] W-2 information, the Tax Collection Unit calculated the Petitioner's tax liability taking into account personal deductions and exemptions and grocery credits. The corrected returns showed a tax deficiency existed for each of the years at issue. The Collection Unit then issued a Notice of Deficiency Determination which included a description of the information relied upon and an explanation of the Petitioner's right to request a redetermination of the deficiency.

The Petitioner believes that she has received no gross income and that [Redacted] have erroneously reported her income as taxable income. The Petitioner submitted federal Form 4852 Substitute for Form W-2 eliminating her income. Based on her interpretation of Internal Revenue Code, the Petitioner believes that taxable income is only that income received from governmental entities and privileged companies. Therefore, since the Petitioner received income [Redacted], she did not receive income that is taxable.

Courts have universally agreed that wages or compensation for services constitute income and the individuals receiving income are subject to the federal income tax, regardless of its nature.

Persons who are required to file an Idaho individual income tax return must pay Idaho income tax on their taxable income at the rate set forth in Idaho Code § 63-3024. In the event a

person fails to file a tax return or pay the proper amount of individual income tax, Idaho law specifically provides the Commission with the authority to issue a Notice of Deficiency Determination.

The Petitioner has not presented any information to dispute the factual basis of the deficiency determination. The Petitioner has not disputed the actual W-2 income amounts on which the deficiency is based but simply believes that the amount is not taxable. It is well settled in Idaho that a Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be correct. *Albertson's Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984); *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986). The burden is on the taxpayer to show that the tax deficiency is erroneous. *Id.* The Petitioner's mistaken belief that income received from private companies is not taxable is simply not supported by any statute or case law. Therefore, based on the information available, the Tax Commission finds that the amounts shown due on the Notice of Deficiency Determination are true and correct.

WHEREFORE, the Notices of Deficiency Determination dated March 3, 2007, and July 20, 2007, are hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the Petitioner pay the following tax and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 44.00	\$0	\$ 6.25	\$ 50.25
2006	651.00	\$0	51.64	<u>702.64</u>
			TOTAL DUE	<u>\$ 752.89</u>

Interest is calculated through June 1, 2008, and will continue to accrue until paid.

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.

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.