BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of	)	
	)	DOCKET NO. 20181
[REDACTED],	)	
	)	DECISION
Petitioners.	)	
	)	

[Redacted] (petitioners) protest the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated February 27, 2007, asserting additional liability for Idaho income tax, penalty, and interest in the total amounts of $21,659 and $97,180 for 2003 and 2004, respectively.

The auditor made the following adjustments to the Idaho taxable income reported on their individual Idaho income tax returns:

	2003	2004
Income [Redacted][1]	$298,651	$579,275
Idaho Capital Gain Deduction	60,226	474,968
Schedule A limitation	1,781	2,805
Capital Loss Carryover from 2002	<136,456>	

The petitioners were shareholders [Redacted] which in a concurrent decision the Commission found was in the business [Redacted]. In that decision, the Commission found that much of the income [Redacted] was ordinary income rather than capital gain income as was reported [Redacted] and the petitioners.

The petitioners object to the characterization of the income [Redacted] from the sale of the subdivided property. The auditor's characterization of the income was not changed. They raise no further objection to the auditor's computations of their Idaho taxable income.

[1] [Redacted]

WHEREFORE, the Notice of Deficiency Determination dated February 27, 2007, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER the petitioners to pay the following tax, penalty, and interest (calculated to April 15, 2008):

YEAR	TAX	PENALTY	INTEREST	TOTAL
2003	$17,849	$ 874	$ 4,514	$ 23,237
2004	82,451	4,153	15,905	102,509
				$125,746

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

An explanation of the taxpayers' 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.

_____