

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20399
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On March 2, 2007, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for the taxable year 2003 in the total amount of \$2,160.

On April 9, 2007, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers provided a copy of their 2003 W-2s. However, the taxpayers had been given credit for all Idaho withholding on the original return, so no adjustment was made.

[Redacted].

The Bureau reviewed the changes [Redacted] made and determined the taxpayers' Idaho income tax return should be corrected as well. The Bureau adjusted the taxpayers' 2003 Idaho income tax return and sent them a Notice of Deficiency Determination. The taxpayers appealed the Bureau's determination.

The Bureau referred the matter for administrative review, and the Tax Commission sent the taxpayers a letter that explained the methods available for redetermining a Notice of Deficiency Determination. The taxpayers did not respond. The Tax Commission sent a follow-up letter to the taxpayers but still received no response from them. Therefore, the Tax Commission decided the matter based upon the information available.

Idaho Code § 63-3002 states:

It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; . . .

Therefore, if [Redacted] changed the taxpayers' federal taxable income to include additional income, a corresponding adjustment must be made to the taxpayers' Idaho income tax return to make Idaho taxable income identical to federal taxable income.

In the taxpayers' protest letter, only additional W-2s were provided. [Redacted]. However, as mentioned before, the taxpayers had already been given credit for all Idaho withholding that they were entitled to on the original return.

In Idaho, it is well established that a Tax Commission deficiency notice is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). Therefore, the Tax Commission must uphold the Bureau's adjustment to the taxpayers' 2003 Idaho income tax return.

The Bureau added interest and penalty to the taxpayers' tax deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code §§ 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated March 2, 2007, is hereby 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>
2003	\$1,747	\$87	\$493	\$2,327

Interest is computed through September 14, 2008.

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.
