

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 20767
[REDACTED],	)	
	)	DECISION
Petitioner.	)	
_____	)	

On November 26, 2007, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer) proposing additional income tax, penalty, and interest for the taxable year 2004 in the total amount of \$861.

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.

[Redacted] The Bureau reviewed the change and found that the taxpayer's federal adjusted gross income was increased for that year. The Bureau determined that the increase in income should have been reported on the taxpayer's Idaho income tax return. The Bureau corrected the taxpayer's Idaho return and sent her a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination. The taxpayer stated in her protest that the forgiveness of federal indebtedness included in her income was the result of a loan taken out in her social security number, but without her knowledge. The taxpayer requested additional time in order to resolve this matter with her financial institution. The taxpayer was granted an extension by the Bureau, but to date, no additional documentation has been provided.

The Bureau referred the matter for administrative review. The Tax Commission reviewed the taxpayer's case and sent her a letter that gave her two options for having the Notice

of Deficiency Determination redetermined. The taxpayer did not respond. The Tax Commission sent the taxpayer a follow-up letter, but still the taxpayer failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

Idaho Code section 63-3002 states that it is the intent of the Idaho legislature insofar as possible to make the Idaho Income Tax Code identical to the Internal Revenue Code in the way taxable income is determined. Idaho Code section 63-3069 states, that upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the State Tax Commission by the taxpayer. IDAPA 35.01.01.890.03 Income Tax Administrative Rule states that immediate written notification is required within 60 days of the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is apparent the Idaho legislature intended any changes made to a taxpayer's federal return be reflected on the taxpayer's Idaho return. Therefore, it is the Commission's position that the change made to the taxpayer's federal return must be made to the taxpayer's Idaho return.

The taxpayer has not provided the Commission with a contrary result to the IRS's original redetermination. The taxpayer must be granted relief at the federal level before relief can be granted at the state level. Therefore, the Tax Commission must uphold the Bureau's adjustment to the taxpayer's 2004 Idaho income tax return.

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

WHEREFORE, the Notice of Deficiency Determination dated November 26, 2007, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$701	\$350	\$166	\$1,217

Interest is calculated through November 30, 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 \_\_\_\_\_, 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.  
  
\_\_\_\_\_