

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20977
[REDACTED],)	
)	DECISION
Petitioners.)	
_____)	

On March 5, 2008, the Tax Discovery Bureau of the Idaho State Tax Commission sent a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) proposing additional tax, penalty, and interest for the taxable year 2005 in the total amount of \$1,353.

[Redacted] The Bureau reviewed the changes [Redacted] and determined the taxpayers' Idaho income tax return should be corrected as well. The Bureau adjusted the taxpayers' 2005 Idaho income tax return and sent them a billing letter explaining the changes made and the additional tax due.

In response to the billing letter, the taxpayers stated that they did not have the money to pay the 2005 liability and inquired about the possibility of having their 2007 Idaho income tax refund applied to that debt. The Bureau sent the taxpayers a Consent to Assessment form. The taxpayers signed and returned the Consent to Assessment and included an amended 2005 Idaho individual income tax return. The amended return, however, did not include all the adjustments [Redacted] and was, therefore, not accepted. The Bureau considered the amended return to be a timely petition for redetermination and, as such, sent the taxpayers a letter acknowledging their protest. The Bureau also issued an NODD to include all adjustments made [Redacted].

The taxpayers did not provide any additional information in response to the NODD, and on May 14, 2008, the Bureau sent the taxpayers a letter inquiring about the status of their 2005 Idaho income tax protest. On May 21, 2008, a response was received along with another copy of

the 2005 amended return that was sent previously. The taxpayers did not withdraw their protest, and the file was transferred to the Legal/Tax policy division for administrative review.

On June 10, 2008, an email was sent by the policy specialist outlining the procedure for the taxpayers to have their 2007 refund applied to their 2005 tax liability. The taxpayers responded via fax. They did not withdraw their protest and expressed their frustrations with the Commission. The policy specialist sent a subsequent email to the taxpayer offering to discuss the issues over the phone for purposes of clarity and a quick resolution. The taxpayer declined and did not submit additional information. The Commission therefore issues the decision based on information contained in the file.

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 the 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; . . .

Idaho Code § 63-3069 requires taxpayers to immediately send written notice to the Tax Commission upon a final determination of a deficiency in federal tax or be subject to penalty. The taxpayers did not notify the Tax Commission of the federal determination; therefore, the Bureau imposed the 5 percent penalty provided by that section. The Tax Commission reviewed the penalty and found the addition of the penalty appropriate.

From the cited Idaho Code sections, it is apparent the Idaho Legislature intended any changes made to a taxpayers' federal return is to be reflected on the taxpayer's Idaho return. Therefore, it is the Commission's position that the changes made to the taxpayers' federal return must be made to the taxpayer's state return.

WHEREFORE, the Notice of Deficiency Determination dated March 5, 2008, is hereby APPROVED, AFFIRMED, AND MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest for 2005:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$1,140	\$57	\$192	\$1,389

Interest is calculated through October 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.
