

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 21312
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On February 19, 2008, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) proposing income tax, penalty, and interest for tax year 1997 in the amount of \$2,173 and a Notice of Deficiency for tax years 1998 through 2006 in the total amount of \$36,924.

The taxpayers protested the determination. They did not request a hearing or submit additional information. The Tax Commission, having reviewed the file, hereby issues its decision based on information contained in the file.

Information available to the Tax Commission indicated the taxpayers were Idaho residents who met the individual income tax filing requirements. The Bureau attempted to contact the taxpayers for an explanation of why their 1997 through 2006 Idaho individual income tax returns had not been filed, but they did not respond to the inquiries.

Because the Tax Commission's files did not include the taxpayers' Idaho individual income tax returns for tax years 1997 through 2006, the Bureau prepared the returns on the taxpayers' behalf and issued an NODD.

The taxpayers appealed the determination, and their file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayers did not respond to a letter from the Tax Policy Specialist that outlined their appeal rights. A follow-up letter was also sent with no response.

Idaho Code § 63-3002 defines the intent of the Idaho legislature regarding Idaho income

tax:

Declaration of intent. -- 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; to achieve this result by the application of the various provisions of the Federal Internal Revenue Code relating to the definition of income, exceptions therefrom, deductions (personal and otherwise), accounting methods, taxation of trusts, estates, partnerships and corporations, basis and other pertinent provisions to gross income as defined therein, resulting in an amount called "taxable income" in the Internal Revenue Code, and then to impose the provisions of this act thereon to derive a sum called "Idaho taxable income"; to impose a tax on residents of this state measured by Idaho taxable income wherever derived and on the Idaho taxable income of nonresidents which is the result of activity within or derived from sources within this state. All of the foregoing is subject to modifications in Idaho law including, without limitation, modifications applicable to unitary groups of corporations, which include corporations incorporated outside the United States.

Idaho Code § 63-3030 establishes the filing requirement for Idaho income tax returns, in

part:

Persons required to make returns of income. -- (a) Returns with respect to taxes measured by income in this chapter shall be made by the following:

- (1) Every resident individual required to file a federal return under section 6012(a)(1) of the Internal Revenue Code.
- (2) Any nonresident individual having for the current taxable year a gross income from Idaho sources in excess of two thousand five hundred dollars (\$2,500), or any part-year resident individual having for the current taxable year a gross income from all sources while domiciled in or residing in Idaho, and from Idaho sources while not domiciled in and not residing in Idaho, which in total are in excess of two thousand five hundred dollars (\$2,500);

[Redacted] The Bureau determined the taxpayers' income required them to file Idaho individual income tax returns for all of the years at issue.

In the protest letter sent by the taxpayers, they simply stated they disputed the NODD because they were not given credit for their withholding.

[Redacted].

Withholding in the amount of \$455 for 1997; \$1,218 for 2000; and \$346 for 2001 reduced each year's tax amount. Interest and penalty were added pursuant to Idaho Code §§ 63-3045 and 63-3046. The Tax Commission reviewed those additions and found them proper and in accordance with Idaho Code.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Comm'n, 110 Idaho 572 (Ct. App. 1986). The burden is on the taxpayers to show that the tax deficiency is erroneous. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

The taxpayers have failed to file Idaho individual income tax returns for the years in question. Absent information to the contrary, the Tax Commission accepts the Bureau's calculation of Idaho income tax, penalty, and interest for tax years 1997 through 2006.

WHEREFORE, the Notices of Deficiency Determination dated February 19, 2008, are 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>
1997	\$1,125	\$ 281	\$ 814	\$ 2,220
1998	3,148	787	2,046	5,981
1999	2,580	645	1,489	4,714
2000	1,454	364	723	2,541
2001	3,397	849	1,426	5,672

2002	3,307	827	1,176	5,310
2003	1,406	352	426	2,184
2004	2,157	539	524	3,220
2005	1,854	464	339	2,657
2006	4,200	1,050	504	<u>5,754</u>
			TOTAL DUE	<u>\$40,253</u>

Interest is calculated through January 1, 2009.

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.
