

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 20368
[Redacted],	)	
	)	DECISION
Petitioners.	)	
_____	)	

On June 15, 2007, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing income tax, penalty, and interest for the taxable year 2004 in the total amount of \$892.

On June 14, 2007, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing and have not provided any further information for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information [Redacted] that a change was made to the taxpayers' 2004 federal income tax return. The Bureau reviewed the information and determined the taxpayers' 2004 Idaho income tax return should also be changed. The Bureau sent the taxpayers a letter informing them of the change and asked them to pay the additional tax, penalty, and interest. The taxpayers did not respond to the Bureau's letter, so the Bureau sent a follow-up letter to the taxpayers.

The taxpayers protested the amount due and filed an amended return that accounted for the changes made on their federal return. The Bureau reviewed the taxpayers' amended return and found that the taxpayers did indeed account for the changes made to their federal return but also included other changes that reduced their Idaho taxable income. The taxpayers stated this same amended return was filed [Redacted].

[Redacted].

The Bureau reviewed the taxpayers' federal adjusted gross income on their [Redacted] with what was provided on the taxpayers' amended return and on their Idaho income tax return. The Bureau determined that since the taxpayers' [Redacted] [Redacted] did not agree with the amended return, the amended return was not filed [Redacted]. Therefore, the Bureau decided the taxpayers' adjusted gross income, as reported on the [Redacted] [Redacted], was the correct figure and sent the taxpayers a Notice of Deficiency Determination based upon the taxpayers' [Redacted] [Redacted].

The Bureau and the taxpayers' representative could not agree as to the filing of the amended return, so the Bureau referred the matter for administrative review. The Tax Commission reviewed the matter and sent the taxpayers a letter discussing the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayers did not respond, so the Tax Commission sent them a follow-up letter. The taxpayers' representative contacted the Tax Commission and stated that he was not aware of any [Redacted] adjustments to the taxpayers' 2004 return. He did state that an amended return was prepared for 2004 and, as far as he knew, it had been filed.

The Tax Commission and the taxpayers' representative discussed the differences between the taxpayers' original return, their amended return, and the taxpayers' [Redacted] [Redacted]. The representative did not know why the [Redacted] [Redacted] adjusted gross income was different from the amended return; nevertheless, he said he would discuss it with the taxpayers. After several months with no further contact with the taxpayers or their representative, the Tax Commission determined it was time to decide the matter based upon the information available.

Idaho Code section 63-3002 states the intent of the Idaho Legislature regarding the Idaho Income Tax Act. It states that the Idaho Act is to be identical to the Internal Revenue Code as it relates to the measurement of taxable income, in so much as that the taxable income reported to Idaho is the same as that reported to the Internal Revenue Service, subject to the modifications contained in the Idaho law.

The Bureau received information [Redacted] that showed the taxpayers' federal taxable income had changed. The change increased the taxpayers' taxable income by nearly \$12,000. The additional income was not subject to a special modification in the Idaho law, so the Bureau corrected the taxpayers' Idaho income tax return to agree with the taxpayers' federal taxable income.

The taxpayers argued that the amended return they submitted to the Bureau accounted for the changes to their federal income tax return. However, the record shows that the taxpayers' federal taxable income, [Redacted], is larger than their taxable income reported on their amended return. As previously stated, it is the intent of the Idaho Code that Idaho taxable income be identical to federal taxable income. The taxpayers have not provided anything to show that their federal taxable income was reduced to the amount reported on the amended return they submitted to the Bureau.

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). The taxpayers did not meet their burden. Therefore, the Tax Commission finds the Bureau's adjustment to the taxpayers' 2004 Idaho income tax return is appropriate and within the Idaho statutes.

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 sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated June 15, 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 (computed to April 15, 2009):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$ 746	\$ 37	\$ 192	\$ 975

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

An explanation of the petitioners' right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, 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]  
[Redacted]

Receipt No.

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