

however, when the taxpayers failed to produce income tax returns or submit any additional information, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent the taxpayers a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayers did not respond, so the Tax Commission sent a follow-up letter to the taxpayers. The taxpayers contacted the Tax Commission and stated they mailed their 2004 through 2006 returns and that the Tax Commission should have received them. They also stated that their 2003 return was being prepared by their tax preparer and it would be sent in shortly. Within two weeks, the Tax Commission received the taxpayers' 2003 through 2006 Idaho individual income tax returns.

The Tax Commission reviewed the taxpayers' returns and found them to be a better representation of the taxpayers' Idaho taxable income than the returns prepared by the Bureau. Therefore, the Tax Commission accepts the taxpayers' returns, subject to the normal review process of the Tax Commission, in lieu of the returns prepared by the Bureau.

The taxpayers' returns for 2003, 2004, and 2006 resulted in tax owed to the state of Idaho. Since the taxpayers did not file these returns by the due dates for the returns, the Tax Commission finds it appropriate to add interest and penalty in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

As for the taxpayers' 2005 return, it resulted in a refund. Therefore, in accordance with Idaho Code section 63-3072, the refund is applied to offset the tax, interest, and penalty of the 2003, 2004, and 2006 tax years.

WHEREFORE, the Notice of Deficiency Determination dated February 29, 2008, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is 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 1, 2009):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2003	\$ 764	\$ 191	\$ 241	\$1,196
2004	815	204	208	1,227
2005	(354)	0	0	(354)
2006	95	24	13	<u>132</u>
			TOTAL DUE	<u>\$2,201</u>

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 _____, 2009.

IDAHO STATE TAX COMMISSION

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]

Receipt No.
