

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 21798
[REDACTED])	
)	DECISION
Petitioners.)	
_____)	

On May 8, 2008, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for the taxable year 2005 in the total amount of \$991.

On July 3, 2008, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Commission’s hearing rights letter and have provided nothing further for the Commission to consider. The Commission, having reviewed the file, hereby issues its decision.

The Bureau received [Redacted]. The additional income was from non-employee compensation and rental income.

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 Notice of Deficiency Determination (NODD). The taxpayers appealed the Bureau’s determination.

The Bureau referred the matter for administrative review, and the Commission sent the taxpayers a letter that explained the methods available for redetermining an NODD. The taxpayers did not respond. The Commission sent a follow-up letter to the taxpayers but still

received no response from them. Therefore, the Commission decided the matter based upon the information available.

Idaho Code § 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 IRS, subject to the modifications contained in the Idaho law. The Bureau received information [Redacted] that showed the taxpayers' [Redacted] taxable income had changed. The change was the result of omitted income. Since the taxpayers were Idaho residents, they were required to report their income from all sources to Idaho. Therefore, the Bureau corrected the taxpayers' Idaho income tax return to include the omitted income.

In the taxpayers' protest letter, they stated that the omitted income was incorrectly reported to them by their employer. The letter also stated the employer was filing amended forms [Redacted] they requested additional time for the matter to be resolved.

On September 11, 2008, an amended 2005 income tax return was received. [Redacted].

Since the taxpayers did not respond to either of the Commission's letters, the Commission has no additional information on which to make its decision. As previously stated, a change was made to the taxpayers' [Redacted] taxable income. Idaho Code § 63-3002 states that Idaho taxable income is to be identical to federal taxable income. The taxpayers have not provided anything to show that their [Redacted] taxable income was reduced to the amount they reported on their Idaho income tax return. In Idaho, it is well established that a 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); Albertson's, Inc. v. State, Dept. of Revenue, 106

Idaho 810, 814, 683 P.2d 846, 850 (1984). Therefore, the Commission must uphold the Bureau's adjustment to the taxpayers' 2005 Idaho income tax return.

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

WHEREFORE, the Notice of Deficiency Determination dated May 8, 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.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$799	\$40	\$188	\$1,027

Interest is calculated through January 18, 2010.

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.
